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U. S. DEPARTMENT OF AGRICULTURE



The World Agricultural Situation 1957

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
WASHINGTON 25, D. C.

FOREWORD

This publication tells how much food and other agricultural products the world will have for consumption until the 1957-58 harvest is gathered. It summarizes international trade prospects, especially those for U.S. agriculture, and changes in economic conditions around the world.

The publication is one of four annual reports being published by the Foreign Agricultural Service during 1956-57. The other three are--

Increasing U.S. Farm Exports, issued Nov. 15, 1956. Highlights of world agricultural trade in graphic form, including maps and charts.

The Competitive Position of U.S. Farm Products Abroad, to be released Jan. 15, 1957. Problems and position of U.S. agricultural products in foreign trade.

Market Development and Promotion Activities in Foreign Markets, to be issued Feb. 1, 1957. Summary of efforts to broaden foreign markets for U.S. farm products and to improve agricultural trade relations with foreign countries.

December 15, 1956.

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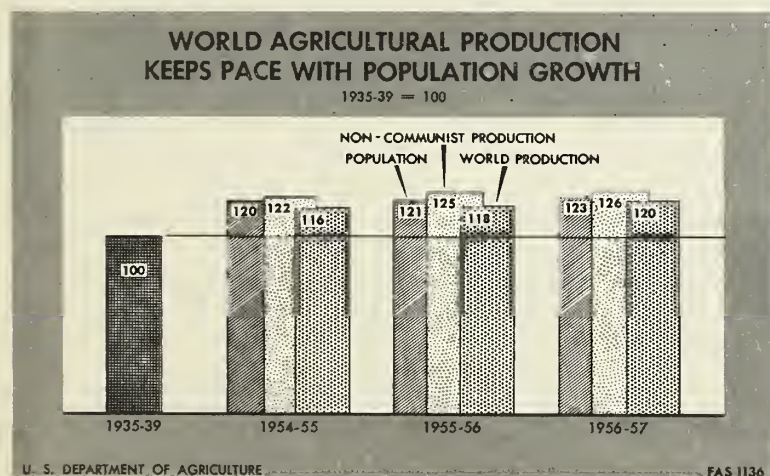
World Agricultural Situation 1956 - 1957

World Summary

The rate of increase in world agricultural production during 1956-57 continues to keep pace with the expanding population. In addition, record large stocks of some of the more staple farm products, such as wheat, corn, cotton, and tobacco, were carried over into the current marketing year. Despite these liberal supplies, world prices of most agricultural products have been relatively stable during 1956, and in recent weeks prices for several commodities have firmed in world markets because of high demand and uncertainties regarding shipping facilities. Industrial activity and consumer income are increasing in nearly all regions resulting in expanding consumption and world trade in agricultural products.

Production

World production of both crops and livestock products reached new high levels in 1956-57, with all regions except Western Europe and Oceania recording increases. The outstanding features of this year's production were the record crops of rice, corn, sugar, and tobacco, the generally high level of production in Europe despite last winter's severe freeze, and the 10 percent increase in total crop production in the U.S.S.R., occasioned by generally favorable weather conditions in the newly developed areas east of the Volga and Urals. Changes in world production of the major crops are shown in table 1.



World production per capita has remained at 97 percent of prewar for the past 3 years. In the Communist Bloc countries, per capita output increased from 89 percent of prewar in the two previous seasons to 91 percent for 1956-57, as the sharp increase of production in the U.S.S.R. and a moderate increase in Mainland China more than offset some further decline in agricultural output in the Eastern Europe Satellites. In the non-Communist areas, per capita production of 100 percent of prewar was slightly

TABLE 1.--Selected agricultural commodities: World production, average 1935-39, and annual 1954/55--56/57

Commodity	Unit (millions)	Average 1935/39	1954/55	1955/56	Preliminary 1956/57
Wheat	Bushels	6,100	7,025	7,380	7,510
Rye	---do---	1,732	1,530	1,485	1,355
Rice, rough	100 pounds	3,578	3,999	4,244	4,318
Sugar, centrifugal	Short tons	28.5	41.5	42.8	44.5
Sugar, non-centrifugal	---do---	5.5	6.6	6.4	6.4
Corn	Bushels	4,775	5,615	6,280	6,540
Oats ¹	---do---	4,367	4,275	4,435	4,250
Barley	---do---	2,375	2,850	3,080	3,290
Pulses ²	100 lb. bag	179.3	244.0	247.5	242.3
Potatoes	Bushels	8,366	8,269	7,836	8,200
Flaxseed ³	---do---	133.5	115.4	126.5	173.5
Soybeans ³	---do---	463.7	718.2	765.9	853.6
Peanuts ³	Short tons	9.6	12.1	12.5	12.7
Cottonseed	---do---	15.3	18.6	18.9	18.1
Olive oil ³	---do---	1.0	1.1	0.8	1.1
Lard ³	---do---	3.5	4.0	4.2	4.4
Tallow and greases ³	---do---	1.6	2.9	3.0	3.1
Fruits, deciduous ⁴	---do---	58.1	67.1	65.1	63.0
Fruits, citrus	---do---	9.8	15.5	15.5	15.4
Meat ³	100 pounds	⁵ 682	842	865	890
Milk ³	---do---	⁵ 5,320	6,120	6,060	6,180
Eggs ^{1, 3}	⁶ Number	89.7	134.9	136.2	136.0
Wool	Pounds	3,975	4,520	4,685	4,870
Cotton	Bales	31.7	38.6	39.5	38.9
Tobacco ³	Pounds	6,619	8,087	8,391	8,428
Palm oil ³	Short tons	1.1	1.4	1.4	1.3
Palm kernel oil ³	---do---	0.4	0.5	0.4	0.5
Coconut oil ³	---do---	2.1	2.3	2.3	2.4
Sesame seed ³	---do---	1.8	2.0	1.8	1.6
Castor beans ³	---do---	0.5	0.5	0.5	0.5
Sunflower seed ³	---do---	2.8	4.4	5.4	5.1
Rapeseed ³	---do---	4.2	5.3	5.9	5.8
Coffee ¹	60 kg. bag	⁷ 41.6	42.0	50.3	47.4
Tea ¹	Pounds	994	1,441	1,479	⁸ 1,500
Cacao ¹	---do---	1,581	1,820	1,812	1,854
Jute ¹	---do---	3,422	3,402	4,477	4,651
Sisal ¹	---do---	507	915	1,020	1,050
Henequen ¹	---do---	247	265	231	240
Abaca ¹	---do---	387	251	262	270

¹Not included in indices.

²Includes haxicot beans, peas, lentils, and garbanzos.

³Calendar years ending first year shown.

⁴Includes apples, pears, peaches, apricots, cherries, plums, prunes, grapes, pineapples and dates.

⁵1934-38.

⁶Billions.

⁷1937-41.

⁸Estimated.

below 1955-56, owing largely to slight declines in per capita output in the heavily populated regions of Western Europe and Australia, which more than offset moderate increases in other areas.

Carryover Stocks

While carryover stocks of a few staple agricultural commodities continue to increase and those of wheat, cotton, corn, and tobacco in the principal surplus-producing countries were at record levels at the beginning of the 1956-57 season, inventories of many farm products were depleted or reduced substantially during 1955-56 by the improved level of food consumption and high levels of industrial activity throughout the world. Current indications are that stocks of staple products may level off or be reduced during the current season. World cotton stocks may be reduced from 1 million to 2 million bales and wheat consumption may approximate this year's production resulting in only slight changes in carryover supplies.

Large rice supplies in exporting countries which appeared burdensome in early 1956 were almost completely sold out by the beginning of the new crop year, and the outlook is good for moving exportable rice in 1956-57. Stocks of dairy products, wool, fats and oils, beans, and grass and legume seeds have also been reduced significantly and are at about normal requirements for carrying on world trade.

Prices

During 1956 the prices of most farm products have remained relatively stable. The reduction in world cotton prices during 1955-56 has encouraged the consumption of cotton textiles generally, discouraged the substitution of synthetics for cotton, and resulted in a marked increase of world trade in cotton. As a result, cotton prices have firmed during late 1956. Cocoa prices broke sharply following the marked advance in 1954-55 but have stabilized at the lower level during 1956, and increased quantities are now moving into consumption. Prices of most other commodities have stabilized or advanced slightly during the past year despite the record supply of agricultural products available either because of the high level of demand or the world-wide tendency of governments to protect the prices of domestically produced products.

World Trade

The movement of agricultural products into world trade has increased faster than agricultural production since 1951-52, and the volume of trade during 1956-57 promises to be substantially higher than in the previous year, provided that sufficient ocean shipping is available to move the expanded volume.

U. S. exports of cotton are increasing rapidly following the sharp decline in 1955-56 when prices were maintained above world levels. Poor quality of wheat crops in Europe is likely to result in increased imports into that area, and some countries are building up wheat reserves to stabilize prices. The upward trend in world trade of fats, oils, and oilseeds is likely to continue with the expanded production. And some increase in trade in rice, sugar, wool, meat, and dairy products is also likely to occur.

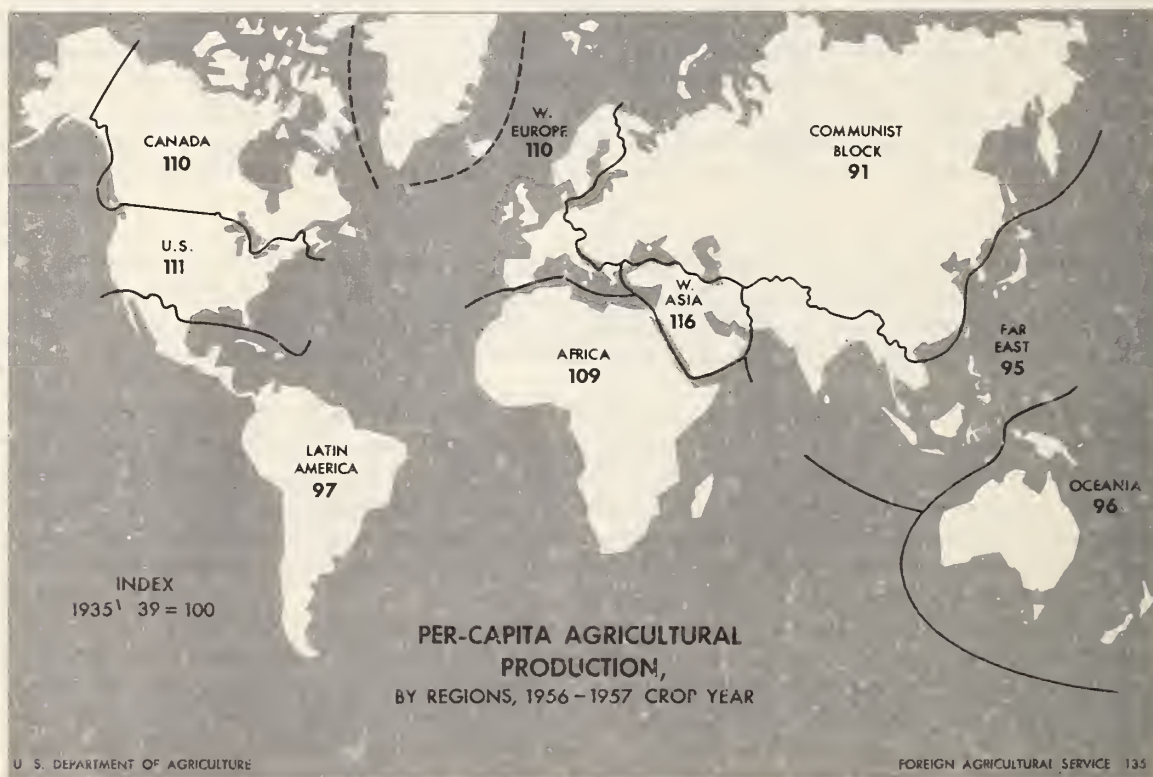
The generally high level of world industrial activity is expanding consumers' income in nearly all areas. This is resulting in increased demand for food products and especially for the more highly prized foods such as meats, fats and oils, dairy products, and fruits. In some of the underdeveloped countries, where expansion in industrial activity is increasing the demand for food and clothing, the sale of U. S. agricultural surpluses under 3-year Public Law 480 programs is being worked out to provide additional supplies during the

expansion program; and at the same time a large portion of the proceeds from the local currency sales is being lent to the countries to help them finance their economic expansion programs.

Trends in Agricultural Production

In the early postwar years production in nearly all regions increased faster than the population, but in recent years the upward trend in several areas has been no faster or even less rapid than the increase in population. In Europe, for example, production has shown little or no change in the last 3 years and per capita production has declined slightly. In the Far East per capita production increased until 1953, but in the last 3 years has remained at 95 percent of prewar despite intensive agricultural development programs in several of the larger agricultural producing countries. In the Latin American countries, other than Argentina, per capita production has been maintained at levels slightly above prewar since 1954 but has only kept pace with the growth in population.

On the other hand, several areas are still making or planning extensive gains in farm production. In Argentina, where production has been considerably below prewar, particularly on a per capita basis, there are now signs that agricultural expansion will be stressed. A program to stimulate agricultural production through higher support prices has resulted in some increase in acreages planted, and generally favorable weather indicates that 1956-57 production will be considerably above the level of recent years. In Western Asia agricultural output continues to make rapid gains despite lower production in Turkey this year; nearly all countries in the area have aggressive agricultural



expansion programs. New Zealand's agricultural production continues to expand faster than population and plans are being carried out for further expansion. In Africa many countries are expanding production faster than population, and exports are being increased even more rapidly. Agricultural production also has continued to expand in Canada, Australia, and the United States, even though record levels of industrial activity in these countries is drawing labor from agriculture. The introduction of new techniques and modern machinery is resulting in further increases in output per laborer.

Trends in production vary materially from country to country within the different regions; the regional summary of agricultural output from 1954 to 1956, total and per capita, shown in table 2 indicates the parts of the world where agricultural production has exceeded or fallen behind the rate of population growth.

TABLE 2.--Index of agricultural production by regions
1954/55 - 1956/57¹

[1935-39 = 100]

Country or region	Total			Per capita ²		
	1954/55	1955/56	1956/57 ³	1954/55	1955/56	1956/57 ³
Canada	117	150	160	85	106	110
United States	139	144	147	108	111	111
Latin America	141	140	144	98	96	97
Western Europe	127	127	127	111	110	110
West Asia	151	158	169	110	112	116
Africa	143	142	143	112	110	109
Far East	121	122	124	95	95	95
Oceania	126	133	131	96	98	96
Communist Bloc	101	103	107	89	89	91
World	116	118	120	97	97	97
Free World countries	122	125	126	100	101	100

¹The above indices provide a rough measure of annual changes in volume of agricultural production, weighted by constant prices, both total and per capita, as related to the pre-war base, but they should not be used as a measure of changes in availabilities for local consumption inasmuch as they make no allowance for imports and exports or changes in year-end stocks.

²The index of per capita agricultural production was calculated using a new series of population estimates which is somewhat higher for recent years than the series previously used.

³Preliminary.

Regional Summary

During 1956 Canada has enjoyed an unprecedentedly high level of economic activity, which is expected to continue throughout 1957. Capital investment in Canada in 1956 is presently estimated at \$8 billion, 28 percent above that of last year. Such capital expenditures tend to speed the development of Canada's vast natural resources and to enhance long-term prospects for high levels of productivity, employment, and the consumption of agricultural products. Agricultural output in 1956-57 is expected to be nearly as large as the record level

in 1953. Increased consumption, higher prices for some commodities, high level wheat exports, and fewer commodities in surplus characterize the 1956-57 agricultural situation in Canada. In 1957 Canada should continue to be a good market for United States citrus fruit, fruit juices, winter vegetables, raw cotton, and soybeans.

Total supplies of agricultural commodities in the United States for 1956-57 are record large. Production reached a new peak, as significant increases in livestock products more than offset slight declines in crop output; and total supplies at the beginning of the year were increased by large carryovers of grains and cotton. Utilization of agricultural commodities was moderately higher in 1956 than a year earlier, but not enough to offset the increases in supplies of some commodities. Food supplies are at record levels and per capita consumption of food in 1957 is expected to continue at the high levels of recent years. Supplies of some food products were reduced during 1956 despite an increase in output. Government stocks of dairy products, fats and oils, and rice have been reduced to about normal levels during the year. The Soil Bank program in 1957 is expected to cut substantially the acreage devoted to wheat, corn, and cotton, and thus bring production more into line with the demand situation.

Agricultural production in Latin America is expected to continue its upward trend in 1956-57. The drive toward self-sufficiency is continuing in the importing countries of the area, as well as the effort by surplus producers to increase exports. Production in the northern countries has been increasing steadily since the war, and prospects are for a maintenance of these high levels. Argentine agricultural output is expected to show an increase over the low level of a year ago and to offer increased competition with most major agricultural commodities in foreign markets. More grain, oilseed products, and meat from Argentina should be available for export next year than in 1956. Supplies of sugar from Cuba should also be greater with the expected increase in the 1956-57 crop.

Overall economic activity in Latin America is at a high level, population is increasing, and living standards are advancing so that, in spite of the expanding production at home, agricultural imports in 1956-57 should at least reach the level of the previous year. During fiscal 1955-56, U. S. agricultural exports to Latin America were valued at just under the \$500 million mark, ten times the prewar level. The principal products continue to be wheat and flour, lard and other fats, dairy products, and processed foods.

The West European economy is operating at a high level of activity. Near full employment in a number of countries and rising wages everywhere point to continued strong demand for farm products. Foreign trade has been stimulated by further relaxation of controls on imports, including some relaxation of restrictions on U. S. farm products, especially fruits.

Agricultural production in Western Europe in 1956-57 is likely to equal that of the two preceding years despite the severe winter freeze, as an increase in livestock production is expected to counterbalance the drop in food crops this year. Wheat and citrus fruits were the crops most seriously reduced by the freeze. Moreover, the critical situation in Europe and the Near East may lead to increased imports of food or feed products for stockpiling.

U. S. farm exports to the area increased in 1955-56 and will likely increase further in 1956-57. More imports of wheat and citrus will be needed and U. S. cotton is now rapidly moving into the area in contrast to relatively low imports of a year ago.

Steady development of resources in West Asia has been taking place since World War II, with major emphasis on agriculture. Thus total agricultural production has registered substantial increases above the 1935-39 level, with an

index of 164 in 1956-57. Per capita production also increased, reaching an index of 116 in the current year. This progress is likely to continue, mainly as a result of expanded irrigation schemes and the application of improved techniques.

Wheat imports will be the outstanding need of the region this year. This is due mainly to a short crop in Turkey, which is a surplus producer in good years. On the other hand, substantial surpluses of the major export crops -- cotton, citrus, dried fruits and nuts, barley, and tobacco -- will be available.

Agricultural production in Africa has increased substantially in recent years and favorable weather in the past 3 has brought per capita production and trade substantially above prewar. This was especially true in North Africa where production was very low last year. Egypt is a major exception; there, modest increases in production have been accompanied by a high rate of population growth, resulting in a per capita output in 1956-57 of only 78 percent of prewar.

With a few relatively minor exceptions, other African countries will have abundant agricultural supplies for local consumption and substantial export surpluses of such speciality crops as cotton, tobacco, peanuts and vegetable oils, cocoa, coffee, and rubber. From these items and from abundant mineral resources, which are in active demand abroad, most African countries are able to obtain foreign exchange to pay for necessary imports, mostly nonagricultural. Standards of living among the great masses are rising steadily, which means greater and better food consumption, with heavier demands for such import items as wheat and flour, dairy products, sugar, and canned fruits. At present wheat is the outstanding agricultural item that must be imported from abroad.

Total agricultural production in the Far East and Oceania during the 1956-57 crop year is expected to set an all-time high, but production increases thus realized will barely keep pace with growth of the vast population. Whereas Oceania is a net exporter, the Far East continues to be a net importer of agricultural commodities. Nearly all countries are striving for self-sufficiency and diversification in their agriculture; some real progress has been made in this field. A rising consumer demand for agricultural products is evidenced by the industrial development and fuller employment as well as by population gains. On a per capita basis, agricultural production in 1956-57 will be only 95 percent of that in prewar years.

This year's agricultural improvement, country by country, is spotty. Japan is reaping a large crop of rice, but even so it will be about 12 percent smaller than last year's record crop. Total food crops in India, Pakistan, Burma, Indonesia, Malaya, the Philippines, South Korea, Taiwan, and New Zealand are all above last year's. The outturn of food and feed grains in Australia is down from last year's level; so are tappings of rubber in Malaya, Indonesia, and Ceylon.

Animal products are relatively unimportant to agriculture in all countries of this area except Australia and New Zealand, where this year's production of meat, wool, and milk is expected to exceed last year's.

Over the past year the balance-of-payments situation has worsened in the Southeast Asian countries, but has improved in Japan, Australia, and New Zealand. World prices are lower this year for rice, rubber, tea, and coconut products -- four of the major agricultural exports of the Far East. India and Pakistan continue to improve industrially. At mid-year 1956, the index of Japan's industrial production stood at the unprecedentedly high level of 231 (1934-36 = 100).

In 1956-57, agricultural production in Eastern Europe will fall short of last year's level, which was higher than in other recent years. Food was nowhere critically short during 1955-56, but shortages of individual food items

persisted in almost all countries. The area continues to be a net importer of food and will remain so, possibly on a larger scale in 1956-57. Political developments will have a profound impact on future agricultural developments in this area.

The government of the Soviet Union in 1956 continued vigorously its program to obtain increased agricultural output. Despite highly variable weather conditions that reduced the yield of some crops, including corn, and adversely affected grain harvesting operations, there was a large harvest and record procurement of small grains. Government grain collections for this year are estimated at about 60 million short tons, over 16 million above recent previous collections. A 6-year program for the expansion of irrigated cotton by 740,000 acres was announced during this year.

Available evidence indicates that Mainland China will increase total agricultural production in 1956 over that of 1955. Such major crops as rice, wheat, cotton, and tobacco are expected to be larger, and soybean production is expected to be down slightly because of flood damage. Little or no improvement in the low subsistence level of food consumption is expected in 1956-57. The government program for 1956 called for an increase in total agricultural production by 8 percent over 1955 but the emphasis was placed on crops for export to carry out the Communist plan of industrial expansion. The Communist regime is reportedly pushing with some success a broad program of agricultural development including large-scale undertakings in flood control, irrigation, land reclamation, and other activities designed to increase production. These undertakings, if successfully completed, may increase future production significantly.

Commodity Summary

The crop year 1956-57 was outstanding for grain production. Conditions were favorable in most areas, and new-record world crops of barley and corn were reported. The wheat crop was also large, second only to the 1952 harvest. Though rye and oats production was not up to the high level of the other three grains, reductions were not large enough to offset those increases, and the aggregate of the five grains appears to be the largest of record.

The near-record world wheat estimate of 7,510 million bushels reflects unusually favorable conditions in most areas, but rather poor conditions prevailed in some European countries and in Australia. A severe winter in Europe damaged winter grain crops in a number of countries, the greatest damage occurring in France. As a result, France will be on a net import basis for wheat this season, whereas net exports during the past marketing season totaled 73 million bushels. In Turkey also the outturn was somewhat less than the near-record 1955 crop, and Australia's wheat crop is down sharply as a result of excessive moisture at seeding time and during part of the growing season. Wheat production in other exporting countries is generally larger than in 1955.

World grain supplies in major exporting countries are at an unprecedented level because, in addition to the large 1956 outturns, stocks at the beginning of 1956-57 were very large. In the four principal exporting countries, the United States, Canada, Argentina, and Australia, grain stocks on July 1, 1956, set a new record of 128 million short tons, 9 million tons above the previous record in 1955. Aggregates for the five principal grains on July 1 were at a new high for each of the countries except Argentina, where stocks, though large, were not the highest of record.

World exports of wheat and flour in 1956-57 will probably exceed those for 1955-56, and may approach the record of 1,066 million bushels set in 1951-52. Higher economic activity and greater purchasing power in importing countries coupled with smaller crops and low quality in Europe indicate increased movement of wheat. Expected increase in movement of U. S. wheat in 1956-57 is attributed to a number of factors, including increasing economic activity, government export programs, and unfavorable weather conditions in Europe and Australia.

The outlook for feed grain exports in 1956-57 is less favorable than for wheat. Increased feed grain crops in northern Europe are expected to reduce requirements in that normally important market. Increased acreage, especially of barley, in this area resulted from shifts of winter-damaged wheat acreage to spring-sown feed grains. As a result of the sharp increase in France's barley acreage and yields per acre, that country is reported to have about 70 million bushels of barley available for export. Exports of this size would still leave France with a large carryover. Substantial quantities of the current European wheat crop were harvested under very wet conditions and reportedly are of low quality. A large part, therefore, may be used as feed, which would further reduce feed grain import requirements. Larger supplies in exporting countries other than the United States point to increased competition for available markets.

World rice production in 1956-57 (August-July) is forecast at a new record of 216 million short tons (rough rice) as compared with the previous record of 212 million in the preceding season. This estimate is 10 percent above average production in the 5-year period, 1950-51/54-55. World rice acreage increased 2 percent over a year ago, and weather has been generally favorable for production. The principal increases in rice acreage are in Asia, and a larger acreage is forecast for South America.

World exportable supplies of rice available at the beginning of calendar year 1957 are expected to be below those of 1956. Carryover stocks of old-crop rice in the exporting countries in 1955 and the first part of 1956 were at high levels but by September 1956 virtually all of these stocks had been sold so that, in 1956-57, sales will be made only from the current crop. Even though good crops are being produced this season in the exporting countries, supplies available for export from the 1956-57 production are not as large as those at the beginning of 1956.

World production of cotton in 1956-57, estimated at 38.9 million bales, is slightly less than that of a year ago. A decrease of 1.6 million bales in the U.S. crop is partly offset by an increase of 0.9 million in foreign production.

World cotton consumption in 1955-56 rose by 1.1 million bales over that of 1954-55, to a record level of 37.8 million; but world production exceeded world consumption by 1.5 million bales. U. S. stocks increased 3.3 million bales during 1955-56; standing at 14.5 million bales on Aug. 1, 1956, they were at a record high level, and 60 percent of total world stocks on that date.

Early in 1955, prices of foreign cotton declined to levels below the U. S. support level and retarded exports from the United States. These unfavorable price ratios in 1955 and the steady decline in export sales prompted an adjustment in export prices of U. S. cotton. Export sales at competitive world prices were begun on a limited basis (1 million bales of 15/16 inch and shorter fiber) in January 1956 and enlarged in April to include all qualities. Sales from government-owned stocks for export between Aug. 1, 1956, and Aug. 15, 1957, under the current phase of the program, begun in April, totaled 5.7 million bales through Nov. 13. Exports in the 1956-57 season may exceed 6.5 million bales.

World tobacco production rose again in 1956, to the record level of 8.4 billion pounds. There were no significant changes by kinds of tobacco from 1955; light tobaccos — flue-cured, Burley, and Oriental — have made the biggest increase in recent years. Total world production of these types did not change appreciably this year. They are used primarily for cigarette manufacture, and world-wide demand for cigarettes shows fairly substantial gains. Large supplies of these types have accumulated, a buyer's market has developed, and countries with export surpluses generally are experiencing marketing difficulties.

Free World exports set a new record in 1955 — 1,393 million pounds compared with 1,290 million in 1954 and the 1947-51 average of 1,137 million. (In addition, there is a substantial export movement within the Soviet Bloc countries, mainly from Communist China to Eastern Europe.) Most of the increase in world exports in recent years has been in light cigarette tobaccos, with the greatest percentage of increases occurring in the Federation of Rhodesia and Nyasaland, Canada, Greece, and Yugoslavia. Although exports from the United States are somewhat larger than in 1947-51, the U. S. percentage share of world exports has declined. Dark tobaccos hold a much less significant portion of world trade than formerly.

World tobacco consumption continues to increase gradually, but at a slower rate than production. Gains for cigarettes more than offset the gradual decline in consumption of tobacco products made from dark tobacco. Cigarettes now account for more than two-thirds of total world consumption compared with about one-third prewar.

World production of vegetable oil and oil products, which has been trending upward in recent years, reached a record level in 1956. The upward trend has reflected, in the main, increasing output in the United States, where a further rise took place in 1956. World demand for fats and oils also has been increasing, and with relatively small inventories in most normally importing countries, the prospect is good that world exports will reach a new high level in 1956-57.

Edible oils output in 1956-57 is expected to expand sharply, chiefly because of the record crop of soybeans produced in the United States and a marked increase in Mediterranean olive oil production. At the same time, a sharp gain is expected in the outturn of industrial oils owing mainly to the record crop of flaxseed in Canada and large crops in the United States and Argentina. With respect to the oils from palms — chiefly coconut, palm, and palm kernel — no marked change in production is foreseen in 1957, assuming no adverse weather in the coconut-producing areas.

Expectations are that in 1957 the United States again will contribute about one-sixth to the world's exports of oilseeds and vegetable oils, all in terms of oil equivalent.

Potato production in Europe increased sharply over the small 1955 crop; and supplies of potatoes for livestock feed and for starch will be substantially larger. The U. S. and Canadian crops are slightly larger than last year's and total North American crop is above normal requirements for food and seed.

World production of pulses is about 2 percent smaller than in 1955 owing partly to a very poor bean harvest in the Middle and Far East. Exports of U. S. beans may be about the same as a year ago with a drop in colored beans offsetting an increase in white beans.

Deciduous fruit production in the world declined for the third successive year, but production is 5 million short tons above the 1935-39 average. The U. S. and Canadian apple crops are smaller than last year's because of low winter temperatures and late spring frosts. European apple production of dessert varieties is well above last year's. The foreign pack of raisins is also

larger, offsetting a smaller U. S. pack. U. S. prune production is large; but the European pack is small, and the export demand for U. S. prunes should be good. World canned fruit production, dominated largely by the United States, may establish a new record high this year. European imports of canned fruit are increasing.

World citrus production is about the same as last year's. The upward trend in production has been temporarily halted, largely because of the severe freeze damage in Spain during February 1956. The shortage of Mediterranean fruit is expected to result in larger exports of U. S. winter oranges to Europe.

World livestock numbers, except hogs, at the beginning of 1957 are likely to be above the 1956 record level. Cattle and sheep numbers have been increasing for 9 consecutive years and in 1956 both were 22 percent above prewar. Hog numbers were also at a record level and 27 percent above prewar.

World meat production in 1957 is likely to be slightly larger than in 1956, which was about 3 percent larger than 1955. During 1955 the principal meat producing countries reached a new record of 86.5 billion pounds, 27 percent above the prewar average.

Beef, lamb, and mutton production is expected to be somewhat larger in 1957. However, pork production is likely to be below 1956 because fewer pigs are being farrowed in some of the principal producing countries.

International trade in meat is expanding, with relatively large exports primarily from Denmark, Argentina, New Zealand, and Australia. High consumer incomes have stimulated demand in most of the importing countries of Europe and increased indigenous production and larger imports have moved readily into consumption. Meat production and consumption in North America also have been at an unusually high level.

Little change in world lard output is expected in 1957. Production in 1956 of an estimated 4.4 million short tons was moderately larger than in the previous year and considerably above the prewar average of 3.5 million tons. Most of the increase occurred in the United States, although production rose in Canada, Mexico, Australia, France, Western Germany, Italy, and Yugoslavia. Output in most of the other major countries is estimated to be at least as large as in 1955, except possibly in Denmark and Sweden. In 1957 Canada and the United States are expected to produce less lard than in 1956 and Western Europe, about the same quantity.

World exports of lard may reach 800 million pounds in 1956 compared with 680 million a year earlier, and may establish a new record for the postwar period. The increase during 1956 will be largely the result of increased U. S. exports to Europe and Latin America. The exports from Argentina and France have also increased substantially during the year.

The upward trend in world production of tallows and greases continues with the rise in livestock slaughter and meat production. World output in 1956 is expected to total around 3.1 million short tons compared with 1.6 million in prewar. Tallow and grease output in 1956 increased in nearly all of the principal producing countries, particularly in Argentina, Australia, New Zealand, France, the United Kingdom, Canada, and the United States. World exports of tallows and greases expanded materially in 1956; much of this increase was in exports from the United States. Rising living standards in a number of countries have materially increased demand for tallows and greases for the manufacture of soap and for other industrial uses. Also, prices of animal fats and oils have been relatively low in relation to vegetable oils.

World production of wool in the 1956-57 season was estimated at 4,870 million pounds, greasy basis, marking the ninth consecutive annual increase. The outlook is for further expansion in the major producing countries of Australia, U.S.S.R., and New Zealand. In Argentina a new government policy has

been responsible for a reversal of the downward trend in wool production. In most other areas of the world the current level of output is likely to be maintained or increased.

World demand for wool weakened at the end of the Korean War and reached a low level in 1954. Since 1954 a gradual strengthening has occurred, production and consumption have been in close balance, and carryover stocks in the principal exporting countries at the end of the 1955-56 season were at a relatively low level. The larger 1956-57 supplies from the new clip are expected to move readily into consumption channels.

World production of hides and skins continues to increase proportionately with the number of livestock slaughtered. The increased supplies have resulted in a highly competitive world market. The United States in recent years has become one of the world's important suppliers of cattle hides and calf and kip skins.

World milk production during 1956 was up about 2 percent from 1955 and totaled an estimated 618 billion pounds, the highest on record and 1 percent greater than the previous high in 1954. Overall, trade in dairy products approximated exports in 1955, when U. S. donations were unusually heavy.

World butter production in 1955 was approximately 9.5 billion pounds, just slightly under the 1954 level. 1956 production was somewhat higher, owing largely to extraordinarily large flush-season milk output in some of the major producing countries. Cheese production in major producing countries in 1956 was apparently about the same as in 1955, when output approximated 5.5 billion pounds.

Butter trade in 1955 totaled an estimated 1.2 billion pounds, a slight increase over that in 1954; about one-sixth of the shipments were U. S. donations for relief of needy peoples. In 1956, trade was slightly under 1955, largely because of the drop in U. S. supplies. Cheese trade during 1956 approximated the 1955 level of 900 million pounds because of the slight increase in U. S. shipments.

Production and trade in processed milk products in 1956 did not change much from 1955 but was considerably above 1954 levels. In 1955, output of condensed and evaporated milks increased markedly, and trade was 15 percent over that of 1954. Similarly, dried milk production increased during 1955, showing large gains in most producing countries. Trade in 1955 was 50 percent greater than in 1954, owing in large part to the fact that U. S. donations more than doubled during the period.

U. S. Government export programs have been an important factor in reducing stocks of dairy products to relatively low levels. Currently uncommitted U. S. butter stocks are negligible while cheese and nonfat milk are below 200 million and 100 million pounds, respectively.

Production of eggs in the principal producing countries, excluding Eastern Europe and U.S.S.R., in 1956 was estimated to be over 136 billion, slightly more than in the preceding year and approximately 50 percent above prewar.

World trade in shell eggs continues at a high level. However, shipments in 1956 by the Netherlands and Denmark, the major exporters, of 175 million dozen and 137 million dozen, respectively, were down slightly compared with 1955. The Federal Republic of Germany and the United Kingdom are the largest importers of poultry meat, and the Netherlands and Denmark are the major suppliers, shipping approximately 153 million and 30 million pounds, respectively, in 1955. U. S. exports of egg and poultry products in 1955 amounted to approximately 50 million dozen of shell eggs and 40 million pounds of poultry, including game; and, in 1956, trade has expanded materially.

Indications are that world cocoa bean production for the 1956-57 season (October-September) will exceed the 1955-56 production of 1.8 billion pounds.

There will probably be some increase for all producing continents. North American production was cut in 1955-56 by hurricane and flood damage; but recovery is reported in practically all countries, and programs for better control of disease should increase 1956-57 production. South American production should be a little higher for 1956-57 than for 1955-56, as there are expected increases for Ecuador and Venezuela.

Early reports indicate that the 1956-57 Gold Coast crop has been reduced by drought but that the Nigerian crop will be about 10 percent larger. Increases also are expected in the Ivory Coast, Fernando Po, French Togoland, and Liberia, as well as in Ceylon and the Philippines.

Development and improvement programs are being accelerated in most cacao producing countries; but demand is also expanding, owing to the growth in population and increase in consumer incomes, so a favorable supply balance will probably be maintained. The United States used more cocoa beans during 1956 than in 1955, as did several other large consuming countries.

Total world production of green coffee for the marketing season 1956-57 is forecast at 46.7 million 132-pound bags, a decline of 7 percent from the record 50.2 million bags of 1955-56, but 12 percent above the prewar average.

Of the 1956-57 production, 38.7 million bags will be available for export, compared with 43.2 million bags in 1955-56. Though world production of coffee during 1956-57 is less, total availabilities for export should remain at the high level of 1955-56. Brazilian stocks of coffee on July 1, 1956, were approximately 4.3 million bags above those of the previous year, while coffee stocks of the importing countries were raised by at least 2.5 million bags during 1955-56.

For 1956-57, Brazilian coffees will be relatively scarce, with production about 25 percent below the previous year. Production in other Western Hemisphere areas will increase by about 8 percent and African output should hold at the high level of 1955-56.

World production of tea is expanding gradually, and producers are attempting to market as much as possible without unduly depressing prices. The rapid rise in coffee prices in 1954-55 resulted in some increase in consumption of tea and advancing prices, but with good crops and a large carryover into 1956, prices have declined materially. During the first 8 months of 1956 the average value per pound of U. S. imports was 50 cents, compared with 62 cents for all of 1955 and 54 cents for 1954. U. S. monthly imports in 1956 have continued at about the 1955 rate despite lower prices.

World jute production for 1956 is estimated at 4,651 million pounds, compared with 4,477 million in 1955. Increases were noted in all major producing areas. Pakistan and India together produced 97 percent of the total world supply in 1956.

World demand has continued to expand and the present balance between supply and demand is good. European countries and Pakistan are manufacturing and exporting more jute goods, but Indian exports have failed to increase in the same proportion. As a result, one-eighth of the looms in India are sealed from production.

Supplies of abaca, sisal, and henequen, which are also important in world trade, are expected to increase in 1956. Demand continues strong and carry-over supplies of these fibers into 1957 are likely to be small. Although sisal production is expanding, the added supplies have been moving readily into consumption. Abaca markets are active and firm; demand is exceeding production, and stocks are at a minimum.

World sugar production, consumption, and trade are continuing upward in 1956-57, while stocks in the exporting countries at the beginning of the 1956-57 season were lower, but may have increased slightly. More mills are being built, more cane planted, and more sugar produced in many parts of the world.

Asia alone is building or planning to build over 60 mills in the near future. Sugar prices on the world free market during January - October 1956 ranged between 3.22 and 3.41 cents per pound. Recently the price has hovered around 3.25, the International Sugar Agreement minimum.

World production of centrifugal sugar for 1956-57, estimated at 44.5 million short tons, is a record and is 1.7 million tons above the 1955-56 crop. Increases in 1956 were mainly in Cuba, U.S.S.R., Brazil, Argentina, India, Mexico, Hawaii, and United States beet sugar.

World trade in 1955 was about 15 million tons, an increase of about 900,000 tons over that in 1954. All indications are that 1956 trade will be even larger.

In October 1956 a new International Sugar Agreement was concluded, with slight changes in quotas for certain countries and in prices. The range will be from 3.15 to 4.00 cents per pound with adjustments at 3.25 and 3.45 cents.

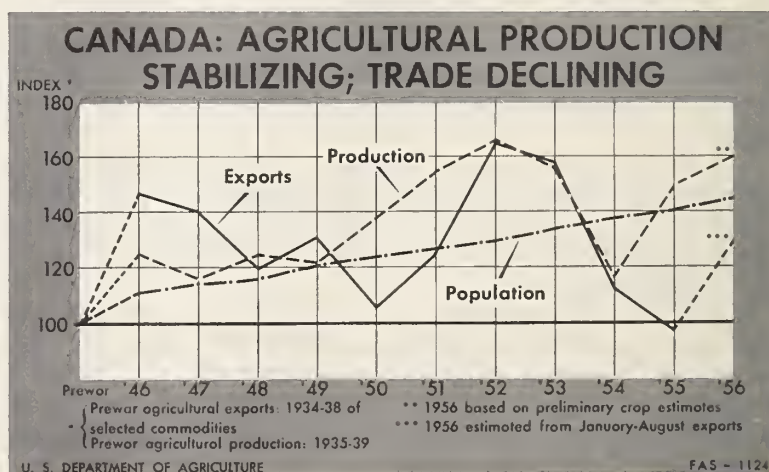
Situation by Country and Area

Canada

Higher agricultural production in Canada in 1956-57 is being accompanied by some increase in consumption, rising prices for some commodities, and fewer commodities in surplus. Agricultural production for 1956 is estimated at 160 percent of prewar, as against 150 for the previous year, with per capita production at 110 percent of prewar despite the rapidly growing population. Output of nearly all products except fruits, vegetables, grass seeds, and sugar beets was somewhat higher than a year ago. In addition, on July 1, carryover stocks of most grains were above a year earlier but below the July 1954 record. Economic activity in Canada during 1956 has been at record levels, owing in part to large capital investments. Gross national production for 1956 is expected to total about \$29.5 billion, or 10 percent above a year ago and the highest on record. Exports in 1956 have been at a level somewhat above 1955, and increased consumer income has assured a strong domestic market for agricultural products.

The government payment of grain storage charges has resulted in a greater income to farmers in the Prairie Provinces. Prices have been higher for fruits, vegetables, poultry, and eggs. Prices for cattle and hogs during 1956 may not average quite as high as they did last year, but the larger livestock marketings will result in a gross income fully equal to that of 1955. Farm costs are continuing to mount, and the level of net farm income is not keeping pace with that of other Canadian

industries. Nevertheless the net farm income this year should be about equal to or slightly higher than that for 1955, a result of larger gross returns.



The rising trend in industry and strong domestic demand for agricultural commodities are expected to continue in 1957. An increase in exports is expected for flaxseed, barley, and oats, and tobacco exports may somewhat surpass the past marketing year. Exports of wheat during 1957 may be influenced to a large extent by European political developments and whether or not the European Satellites obtain their wheat imports from the U.S.S.R. Shipments of butter, pork, and apples are expected to be smaller than last year.

Canada, during 1956-57, will continue to be a good market for U. S. citrus fruits, fruit juices, winter vegetables, raw cotton, and soybeans. The Canadian Government is again vigorously seeking export outlets for wheat and barley. Canadian 1957 tobacco exports are expected to be in the neighborhood of 25 million to 30 million pounds as a result of the larger 1956 crop. Canada's large flaxseed crop is now moving into export channels at a fairly good rate, but, with no government price support, prices are expected to decline and stocks next summer may be large.

Canadian dairy production and consumption have continued their upward trend. The problem of surplus stocks of butter and cheese still remains but this year the trend has changed from accumulation to moderate depletion of inventories. Butter stocks on Oct. 1 were 4 percent below those of a year ago, and the urgency of finding export markets appears to have been lessened.

Meat production and consumption are at a high level. Even with record-breaking production during the first 6 months of 1956, high consumption maintained prices better than was expected. Pork production during the 1956-57 season is expected to be from 8 to 10 percent lower than a year ago, and prices should be correspondingly higher.

United States¹

Total supplies of agricultural commodities in the United States for the 1956-57 marketing year were record large. Production in 1956 reached a peak, a little above that in 1955 and about half again larger than the prewar (1935-39) average. Total stocks at the beginning of 1956 were heavy. Domestic utilization of agricultural commodities during the year has been moderately higher than in 1955 and exports have been up substantially. On the domestic side the increase reflected both the stronger demand accompanying the continued expansion in consumers' income and the step-up in the distribution of surplus foods through the School Lunch and other programs. The heavier exports in 1956 were largely the result of government programs. The increase in utilization and exports, however, was not enough to offset the increase in supplies. Accordingly, stocks of several staple products at the end of the year will be somewhat heavier than at the beginning. Prices received by farmers in 1956 have averaged about the same as in 1955.

Further action was taken by the U. S. Government in 1956 to bring supplies of agricultural commodities in line with anticipated domestic needs and exports. In addition to continuing both acreage allotments and marketing quotas for important commodities and the previously authorized steps to expand domestic utilization and exports, the Soil Bank program was authorized and inaugurated in 1956. Farmers participating in the "acreage reserve" part of the program are compensated for reducing acreage planted to wheat, corn, rice, peanuts, cotton, and tobacco below their allotment or base acreage, and under the "conservation reserve" provisions are encouraged to expand practices aimed at the conservation of natural resources. In 1957, with the Soil Bank Program in full operation, crop output will likely be smaller. Some 10 million acres

¹Prepared by the Agricultural Marketing Service.

diverted from winter wheat have been placed in the acreage reserve of the Soil Bank and possibly 3 million acres from spring wheat will go into the reserve. Sizable acreages from corn and cotton and some acreage from other basic crops also will likely be placed in the acreage reserve for 1957. Including a goal of about 20 million acres planned for the conservation reserve, a total of some 40 million to 45 million acres could be placed in the Soil Bank Program.

Food supplies in the United States were at a record level in 1956. Production was somewhat larger than in 1955, with increases occurring both for livestock products and food crops. Also, stocks at the beginning of the year were at a very high level and imports, mainly of supplementary foods, were up a little. Retail food prices averaged close to those of 1955, with the decline in meat prices counterbalanced by increases for a number of other important foods. Per capita consumption of food in 1957 is expected to be close to the high rate of 1956.

Although supplies of several agricultural commodities were record large at the beginning of 1956-57, indications are that, because of the high level exports in prospect, carryover stocks of some of them may be down somewhat at the end of the 1956-57 season. Production of grain in 1956 was a little lower than a year earlier as larger wheat and corn crops were more than offset by declines for the other grains, including rice. Carryover stocks of old-crop grains into the 1956-57 season, however, were very large and total supplies were at record levels. Exports of wheat and rice will be heavier in the 1956-57 marketing year than in the preceding one, and should result in a moderate decline in stocks of wheat and a substantial decline in stocks of rice to be carried over into the 1957-58 season.

Supplies of dry edible beans in the 1956-57 marketing year total a little smaller than those of a year earlier. The bean crop was about the same as last year but stocks were down. The 1956 crop of dry peas was almost double the 1955 crop. Supplies of food fats and oils for the current marketing year are about equal to the record level of 1955-56, with a smaller carryover offset by increased output. Supplies of butter and lard will be smaller but those of vegetable oils larger. Exports of food fats and oils (including the oil equivalent of soybeans but excluding butter), in 1956-57 may equal the 1955-56 record. Less fresh deciduous fruits and sweetpotatoes will be available during early 1957 than in the same period of 1956, but supplies of fresh citrus fruits, processed vegetables, and potatoes will be larger. About as much processed fruit will be available as in early 1956. Exports of oranges will be larger than in 1955-56 because of the poor crops in Europe.

The 1956 cotton crop was about 10 percent smaller than the preceding one, but carryover stocks were up considerably and total cotton supplies for 1956-57 are the largest on record. Domestic utilization of cotton probably will be down somewhat from that of 1955-56.

Exports in 1956-57 are expected to be about 6.5 million bales compared with 2.2 million bales last season. The increase is resulting primarily from the competitive price program of the United States and the low stocks of U. S. cotton in importing countries. Because of the much heavier exports, carryover stocks in the summer of 1957 are expected to be somewhat lower than a year earlier. Tobacco production is down 6 percent from 1955, with practically all of the reduction occurring in flue-cured types. Exports during the early months of the current season have been below the highs of a year earlier, and though they may total less for the season as a whole than the 1955-56 high level, they are expected to be above the average for the 5 recent years.

Meat production in 1956 exceeded the previous peak established in 1955. Prospects are that production may be a little lower in 1957 mainly because of

the smaller 1956 pig crop. Beef, veal, mutton, and lamb output should be close to that in 1956. The output of milk in 1956 was also record large. The number of dairy cows was down a little, but milk production per cow averaged higher than in 1955 and 1956 total production was up about 3 percent. Despite this increase in output, government stocks of dairy products have been reduced materially during the year. However, supplies in 1957 are expected to be more than adequate to meet anticipated needs.

Latin America

Agricultural production in Latin America in the crop year 1956-57 may be slightly higher than it was a year earlier, owing largely to the expected recovery in Argentine output from the low levels of a year ago. The index numbers of production shown in table 3 reveal wide variations in agricultural output between countries. In Argentina, the Dominican Republic, Paraguay, and Venezuela production does not appear to be keeping up with population growth, whereas in Costa Rica, Ecuador, Mexico, and Nicaragua it has been ascending rapidly. In Latin America as a whole, production of wheat, corn, oats, flaxseed, lentils, and henequen has changed little since prewar days. On the other hand, edible oil-seeds, rice, sugar, and bananas are among the items showing the steepest upward trend.

Latin America is one of the important agricultural areas of the world, supplying most of the coffee, bananas, henequen, and castor beans, as well as large quantities of sugar, cacao, and cotton. During the 1956-57 season, exports of bananas, cacao, and sugar are expected to rise somewhat and exports of coffee, henequen, and cotton to be maintained at near the levels of the past year. The

TABLE 3.--Latin America: Indices of agricultural production by countries, total and per capita, 1954-55 and 1955-56

[1935-39 = 100]

Country	Total		Per capita	
	1954-55	1955-56	1954-55	1955-56
Argentina	98	93	65	60
Bolivia	131	131	113	113
Brazil	144	148	107	108
Chile	144	142	108	104
Colombia	163	166	108	105
Costa Rica	262	240	172	157
Cuba	163	170	117	121
Dominican Republic	144	144	98	97
Ecuador	204	203	161	157
El Salvador	169	173	119	116
Guatemala	144	145	107	109
Haiti	128	145	100	113
Honduras	172	172	106	100
Mexico	249	254	155	155
Nicaragua	317	305	239	229
Panama	201	198	133	129
Paraguay	126	128	71	71
Peru	162	147	115	103
Uruguay	146	142	118	115
Venezuela	169	167	100	97
Total less Argentina	161	164	114	114
Total including Argentina	141	141	98	96

United States is the principal market for Latin America's coffee, cacao, sugar, henequen, bananas, and many other agricultural commodities.

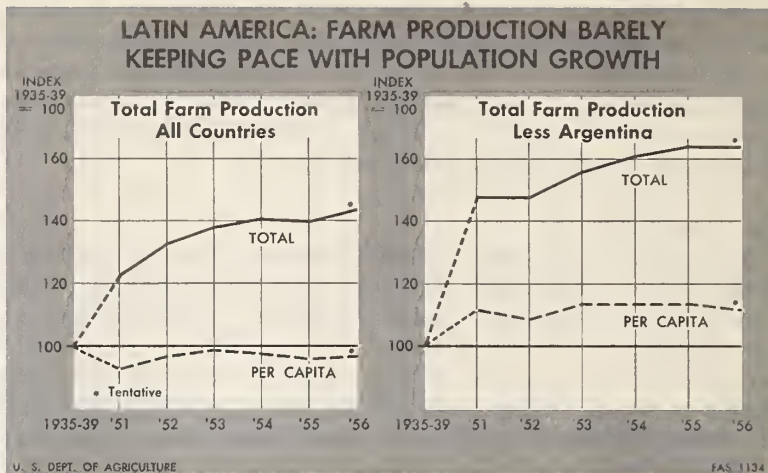
As population in the area has multiplied and living standards advanced, Latin America has taken more and more agricultural imports in spite of expanding production at home. During the fiscal year 1955-56 the United States sent agricultural goods valued at nearly \$500 million to markets in Latin America. This was an increase above the preceding year and a tenfold advance above prewar, but not quite equal to the peak of \$560 million in 1952. With the aid of sales under P. L. 480 the export total for 1956-57 should be at least as large as, and perhaps larger than, last year's. The principal products will continue to be wheat and flour, lard and other fats, dairy products, and processed foods.

Production.--Production in the northern countries of the area, by and large, has been increasing steadily since the war and prospects are for maintenance of the high levels of recent years.

Conditions in Mexico were generally favorable for agriculture in 1956. The output of corn and beans is expected to exceed slightly the good crop of 1955, and the wheat crop was the largest on record. Coffee production in 1956-57 will also be a record. On the other hand, serious declines took place in the production of sugar, bananas, and tobacco. Steady progress is being made in expanding output of animal products as well as of vegetable fats and oils. Consumption of virtually all agricultural and livestock products, with the exception of fruits, was at a higher level than during the preceding year. Cotton production of 1.8 million bales in 1956 was below the level of a year ago, and it is probable that the plantings next season may be no larger than in 1956.

In the countries of Central America, production probably will exceed that of 1955-56 by small margins. With the exception of wheat and flour and fats and oils, most of the countries of Central America will be about self-sufficient in food at the traditional levels of consumption. Imports of corn and beans, made necessary in recent years by short crops, probably will not be needed during 1956-57.

With prospects for a strong export market, the 1956-57 Cuban sugar output is expected to reach 5,679,000 short tons, compared with the 5,225,000 of last year. Prospects are that exports will amount to approximately 5,634,000 tons, somewhat above the 5,487,000 tons a year ago. Rice production has been maintained despite disease, water, and soil depletion problems. The crop for 1956-57 is forecast at 146,000 short tons of milled rice, or about the same as last year. Production of other food crops is slightly above that of 1955-56, and the supply of beef from domestic production is expected to continue adequate for local needs. There has been a substantial increase in imports and domestic consumption of wheat and flour during the year.



A serious drought has affected the northwest section of the Dominican Republic and the northeast portion of Haiti. It is understood that general crop production of the area — rice, peanuts, coffee, bananas, cacao, corn, and yuca — has been hard hit and greatly reduced by drought. Agricultural production in other parts of the Caribbean is increasing steadily, and rice exports are expanding from certain areas, notably British Guiana.

Argentina's agriculture is responding to the recent changes in policies and programs instituted by the new government to stop the downward trend in agricultural production and to stimulate agricultural exports. A significant increase in the area planted to grain and oilseed crops is reported and a good harvest in 1956-57 is expected if the disease damage to grains, brought on by continuous wet weather, is not too heavy. The area sown to wheat is estimated at 13 percent greater than for 1955-56 and early forecasts place production at 220 million bushels, an increase from last year. The substantial increase in support prices to producers of grains and oilseeds, above any previous level in Argentina, was a deciding factor in increased plantings. Record numbers of livestock also point to a continued abundance of meat and meat products in 1956-57. Based on present indications, Argentina should have considerably more grain and oilseeds for export next year than in 1956, and supplies of meat for export are expected to continue heavy.

Beef production for 1956 is expected to be about one-third greater than that of 1955, when 4.2 billion pounds were produced, and exports in 1956 are forecast at over a billion pounds. In 1956, exports of livestock products have shown an appreciable increase over those of a year ago, while grain exports have declined. The principal factors contributing to the increase are (1) improved markets, particularly for chilled beef in Western Europe, (2) the larger cattle population, and (3) a price increase of 20 percent.

The current heavy slaughter of cattle and extensive conversion of grazing land to the cultivation of sunflower seed, corn, wheat, and linseed probably reflect the high guaranteed prices producers will receive for their grains and oilseeds.

Uruguay will probably have a smaller wheat crop in 1956-57 because of a reduced acreage resulting from the lowering of the subsidy paid on wheat production. Some of the land taken out of wheat is reportedly being planted to other grains, but most of it appears to be going into flaxseed. Periodic shortages continued throughout 1956 for such commodities as butter, sugar, citrus, meat, potatoes, and corn. The economic condition of Uruguay has not improved despite the country's having exported practically all of the exportable wool and wheat, as well as most other export commodities.

Peru's 1956 cotton crop is expected to be a record, exceeding last year's crop by 40 percent. Sugar and rice production is expected to be up by about 10 percent. Peru continues to need imports of wheat and edible oils in substantial quantities. Conditions in the drought area of Southern Peru, where production in 1956 was seriously reduced, are still of considerable concern to the government; although movement of food supplies, mostly from the United States, are being increased, food production for 1957 is threatened by the general scarcity of seed and the resumption of drought.

Reduced acreage and poor weather during the growing season seriously affected Chile's grain production in 1956, and wet weather cut its yield of pulses. Fruits, too, were down from a year ago, owing in part perhaps to the abundance of the previous crop but also to the severe winter weather of 1955. Principal imports in 1956 included wheat, vegetable oil, meat (including live animals), and cotton. Wheat production will probably be below requirements for some years to come despite increased areas to be brought under production and increased yields that may come from crop and cultural improvement. This

deficit is expected to be not less than 7.3 million bushels for the next several years.

In spite of some increase in output, Bolivia continues to be short of food, and will again receive food grants from the United States during 1956-57. Frost and drought damaged many of the Altiplano crops, particularly potatoes, wheat, and forage crops. Poor transportation facilities impede the shipment of foodstuffs from one part of the country to another, resulting in hunger and hardship.

Brazil's production of wheat, rice, sugar, and mandioca in 1956 was above the output of 1955. Exports increased for coffee, rice, sisal, and mandioca, with some rise for oranges and Brazil nuts; and they declined for corn, cotton, and peanuts. Brazil's principal agricultural import is wheat; the total quantity imported in 1956 was less than it was a year earlier. Larger exports of coffee and smaller imports of wheat have contributed to a strengthening of the balance of trade. Imports of other agricultural products are closely regulated, and for the year ahead probably will continue to decline relative to total imports and to agricultural exports.

Economic activity and exchange availabilities.--On the whole, economic activity in Latin America is at a high level. Gold and dollar reserves and the outlook for earning foreign exchange should allow that area to buy as much for dollars in 1956-57 as in the previous year. During the first half of 1956 total gold reserves and dollar holdings in the region increased from \$3,789 million to \$4,146 million, with most of the increase occurring in Cuba, Brazil, and Venezuela. Economic activity has improved over that of a year ago in most countries, although it varies widely from country to country. Mexico, for example, has made excellent improvement. Production rose by 10 percent and the balance of payments position continues to be favorable. Cuba's situation is much improved also, stemming from an increase in its sugar exports. Venezuela, with its huge petroleum exports and its growing exports of iron ore, has an excellent balance of payments position with the United States as well as with other countries.

Brazil, Argentina, Chile, Paraguay, Uruguay, Bolivia, and Colombia continue to suffer from balance of payments difficulties. Brazil, however, managed to show a trade surplus of \$122 million during the first 6 months of 1956 contrasted with a deficit of \$48.9 million during the same period of 1955. Colombia is reportedly about 7 months in arrears with respect to its debts to U. S. exporters, and Argentina's trade deficit with the United States during the first 6 months of 1956, of \$14.7 million, was double that of a year earlier. Both Brazil and Argentina have just obtained additional loans from the Export-Import Bank that should assist them materially in further expanding their economies, although they require an increase in exports or a decrease in imports to pay off the loans.

Demand for imports.--Most of Latin America produces largely raw materials that provide exchange to buy industrial goods from abroad, as well as needed foods and fibers. On the whole the northern countries are the principal agricultural importers, although the patterns of trade are shifting somewhat with increased domestic production in Mexico and with larger sales to South American countries under P. L. 480.

Venezuela continues in a deficit position with respect to powdered whole milk, wheat flour, eggs, malted barley, oatmeal, fresh, dried, and canned fruits, cheese, and a wide variety of preserved meats, vegetables, and dietary foods. Normally about half of its food imports come from the United States. As in the past years, our principal competitor is Canada for flour, milk, eggs, and oatmeal, followed by Denmark for eggs and cream, the Netherlands for

cheese, Great Britain for malted barley and canned goods, and Spanish Morocco for lentils, garbanzos, and beans.

Cuba will continue to need imports of rice in substantial quantities, at least equaling the low-duty quota of 330 million pounds. Imports of wheat and flour reached the International Wheat Agreement quota of 7.4 million bushels in 1955-56, and the same quantity will probably be imported during 1956-57. Lard imported mostly from the United States makes up all but a fraction of the edible fats used in Cuba. Purchases of U. S. lard in 1956-57 will be at least as large as in 1955-56. Imports of dairy products are increasing, with the United States supplying evaporated milk, butter, and dry milk, and the Netherlands supplying most condensed milk and cheese.

Mexico has become almost self-sufficient in grains. It will not need to import wheat in 1957 but, unless the current corn crop is larger than early forecasts indicate, it may be necessary to import from 4 million to 8 million bushels of corn. Mexico continues deficient in animal fat production, so importing probably will be necessary in 1957. All lard is purchased by the government agency, CEIMSA, which has suspended imports of lard because of complaints from domestic lard producers.

P. L. 480 agreements are in effect with Chile, Brazil, Ecuador, Colombia, Peru, and Paraguay for the sale of wheat and other surplus commodities from the United States. Purchases of these products for local currencies will enable these countries to import more than they otherwise would have been able to do, thus encouraging greater consumption.

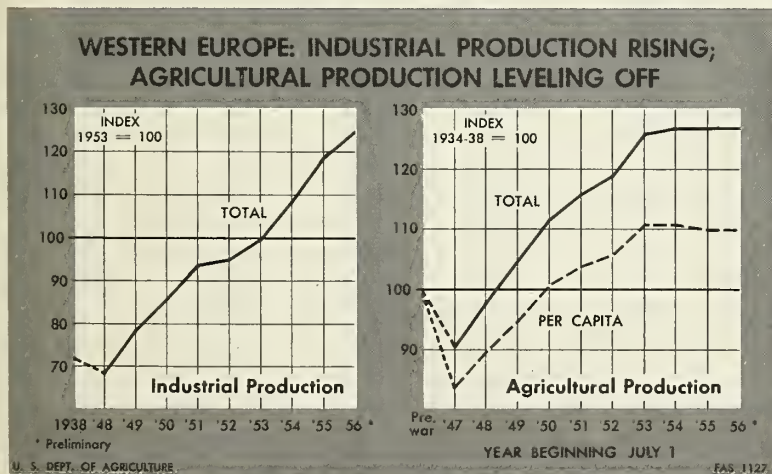
Western Europe

No increase in overall agricultural production in 1956-57 is foreseen for Western Europe. Output of livestock products should continue to expand, but crop production is down, largely as a result of the severe freezes last February and excessive rains during the summer. Western Europe will need to import more wheat and citrus fruit in 1956-57 than last season if supplies are to be maintained at the 1955-56 level. Imports of feed concentrates, on the other hand, may decline in consequence of a substantial increase in output of feed grains and the availability for feed of unusually large quantities of unmillable wheat.

Western Europe's demand for food and agricultural products in general will continue to be strong if economic activity remains at the high levels prevailing in the first 9 months of 1956. Relaxation of import restrictions should

facilitate increased purchases of U. S. products, notably fruits. With U. S. cotton exports priced competitively, West European takings have already shown a substantial increase this season.

The favorable outlook for exports of U. S. farm products to Western Europe, however, is overshadowed by the Suez crisis, which has already contributed to a deterioration of the balance of payments in some countries. If the crisis is prolonged,



it may well lead to a temporary decline in Western Europe's prosperity. This would not necessarily imply a decrease in takings of basic foods and fibers from the United States, especially if purchases are made for stockpiling purposes. But the urgent need in Western Europe for imported fuels and other strategic materials, which must be bought at increased prices, would probably cut down the foreign exchange available for less essential products.

Production.--Forecasts for 1956-57 indicate that agricultural output in Western Europe will reach the same level as in the 2 preceding years, when total production stood at 127 percent of prewar (table 4). Since the population of the area continues to grow at a rate approaching 1 percent per year, the production index on a per capita basis shows a slight decline from 111 in 1954-55 to 110 in 1956-57. Output of livestock products is expected to increase by 1 or 2 percent in the current year compared with 1955-56, but this increase will only suffice to offset the drop in food crop production. The stability of total output despite continued technological advances results from several causes including weather factors, shifts in price-cost relationships, and reductions in the agricultural labor force.

Exceptionally cold weather in February and March caused extensive crop damage. The French wheat crop, the citrus crop of Spain, almonds in Spain, France, and Italy, and the Swedish rapeseed crop were very seriously hit. There was also damage to vineyards in France, West Germany, and Austria; to meadows and pastures in many of the northwestern countries; and to truck crops. Much of the winterkilled area was reseeded to spring grains.

Preliminary crop estimates for Western Europe indicate a wheat crop about 10 percent smaller than in 1955, with a still sharper decline in wheat of millable quality. France, which had a net export of some 73 million bushels of

TABLE 4.--Western Europe: Indices of agricultural production, 1954-55 to 1956-57¹

[Prewar = 100]

Country	Total			Per capita		
	1954-55	1955-56 ²	1956-57 ³	1954-55	1955-56 ²	1956-57 ³
Austria	108	115	114	105	111	110
Belgium	137	144	141	129	135	131
Denmark	130	126	129	109	105	107
France	130	128	125	122	119	115
West Germany	122	121	127	97	95	99
Greece	123	125	133	101	101	107
Ireland (Eire)	114	108	106	113	107	105
Italy	124	137	133	111	121	117
Netherlands	137	136	131	109	107	102
Norway	122	124	131	103	104	109
Portugal	132	120	123	100	99	100
Spain	107	101	99	90	85	82
Sweden	124	113	117	107	97	100
Switzerland	116	113	112	98	94	92
United Kingdom	160	156	159	148	144	146
Total Western Europe . .	127	127	127	111	110	110

¹Excluding food produced from imported feed.

²Preliminary.

³Forecast.

wheat in 1955-56, saw its crop reduced by about 140 million bushels. Sweden, also a wheat exporter though on a smaller scale, Belgium, the Netherlands, Italy, and Switzerland also had considerably smaller wheat crops. In West Germany and the United Kingdom, the wheat crop appears to be above last year's, but it is of much poorer quality.

Feed grain output is up, and may more than offset the decline in winter feed supplies caused by the poor hay crop in a number of countries. France reports a feed grain crop nearly 75 percent larger than in 1955, and a considerable proportion will be available for export. Feed grain crops are also larger in West Germany, the Low Countries, and Scandinavia. In the United Kingdom, on the other hand, they may be down by 15 percent.

The potato and sugar beet crops are likely to be somewhat larger than last year except in Italy, where the sugar beet acreage was cut in an effort to prevent further increases in sugar stocks. There may also be a slight increase in vegetable oil output, since the increase in olive oil production will probably more than compensate for the decrease in seed oil production.

Outstanding features of the fruit situation are a large increase in the table apple crop, especially in the apple importing countries, and the drastic reduction in the Spanish citrus crop, which is expected to be only one-third its normal size. The Italian citrus fruit crop is nearly the same size as in the 2 previous years. Almond production is down by over 40 percent in Italy, and the Spanish crop this year as well as in 1955 is only about half of a normal crop. Grape and wine production in France is well below last year's level.

Among other crops, changes in the 1956 output of tobacco compared with that of 1955 are slight in West European countries. The small cotton crop of the Mediterranean region is up, due to a larger crop in Spain.

It seems likely that the upward trend in livestock production will continue on a moderate scale. Increased pork production is indicated, and milk production may move up a little. Egg production may also increase.

Food consumption.—During recent years, food consumption levels in terms of energy value have averaged close to 2,900 calories per person per day for Western Europe as a whole, national averages varying from about 2,500 calories in some Mediterranean countries to well over 3,000 calories in several north-western countries. Consumption in 1956-57 is likely to increase only slightly, but the steady trend towards lower per capita grain consumption and higher consumption of fruits and livestock products will no doubt continue, barring a major economic setback.

Economic conditions and demand for farm products.—As of November 1956, the demand for farm products remained strong in Western Europe, where economic activity and employment continued at high levels, though not growing at as rapid a rate as in the previous year. Italy alone among major countries still has a serious unemployment problem, despite a favorable expansion of production. Rising wages everywhere have been reflected in strong demand for consumer goods. In many countries, the full employment of resources has led to heavy inflationary pressures, and, especially where wages are tied to a cost-of-living index, the wage-price spiral is a vexing problem, which may threaten the competitiveness of export industries, unless checked. This problem is acute in the United Kingdom.

Nevertheless, Western Europe as a whole increased its gold and dollar reserves from \$15.9 billion to \$17.1 billion between June 30, 1955 and June 30, 1956, despite a decrease of nearly 10 percent for the United Kingdom. Developments during the current season are likely to be less favorable. The Suez crisis has already increased the strain on the financial position of the United Kingdom and France, and may well prove costly to other West European countries.

Unless the balance of payments situation becomes critical, U. S. farm exports stand to profit by the addition in several countries of agricultural items--especially fruits--to the lists of dollar commodities which were freed from quantitative import controls in West European countries in 1956. This year's multilateral trade negotiations under the General Agreement on Tariffs and Trade also produced some tariff reductions on fruit. The dollar shortage is now an important reason for restrictions on agricultural products in only a few countries of Western Europe.

Trade.--Disregarding possible disruptions due to political developments, the demand for imported agricultural products may be expected to be at least as large during 1956-57 as in the previous year, and probably larger. The need for increased wheat imports is pronounced because of the smaller and lower quality indigenous crop, and the same situation holds for citrus fruit. Though imports of feed grains may decline, there should be increases in imports of other farm products resulting from the normal increase in consumption due to population growth and high levels of purchasing power.

In 1951-55 the United States supplied from 16.5 to 23 percent of West European countries gross imports of the principal agricultural products that were available for export (table 5). The U. S. proportion in 1955 was 17.4 percent, a slightly larger share than in the 2 preceding years, and ranged from

TABLE 5.--U. S. share in Western Europe's imports of agricultural products, by value, 1951-55¹

Calendar year	Principal products imported from the United States							Total all agricultural products
	Grains and preparations	Cotton and linters	Tobacco, unmg.	Fats, oils, oil-seeds ²	Fruit and nuts	Live-stock products for food ³	Total	
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1951 . . .	38.7	31.0	59.2	12.1	⁴ 5	3.8	⁴ 23	⁴ 15
1952 . . .	29.9	40.6	38.9	11.9	5.7	1.3	20.5	11.7
1953 . . .	25.7	32.8	53.8	8.9	5.4	1.4	16.9	9.5
1954 . . .	17.2	33.4	49.9	16.1	6.3	1.5	16.5	9.8
1955 . . .	27.1	27.2	47.0	18.6	6.3	2.0	17.4	10.9

¹Excluding Spain, data for which are not available.

²Excluding butter.

³Including butter and live animals, mainly for food.

⁴Partly estimated.

Compiled from data published by the Organization for European Economic Cooperation.

47 percent for tobacco to only 2 percent for livestock products for food. Fruits as well as livestock products for food are supplied to a large extent by surplus producers within the area, such as Italy, Spain, the Netherlands, and Denmark. Of total agricultural imports, i.e., including such complementary products as coffee and rubber, the United States supplied 10.9 percent in 1955 (table 6).

Exports of U. S. farm products to Western Europe, accounting for nearly half the U. S. total agricultural exports, reached a value of \$1.6 billion in the year ending June 30, 1956, compared with \$1.4 billion and \$1.5 billion in 1954 and 1955 respectively. This increase took place despite a very heavy drop in U. S. cotton exports to Western Europe during the past season. Though the increase in shipments to Spain, mostly under P. L. 480 and other special programs, was particularly large, most West European countries increased their

TABLE 6.--Western Europe: Agricultural imports by source, 1952-55¹

Calendar year	Total	United States	Canada	Latin America	Western Europe	Eastern Europe ²	British Commonwealth ³	Non-British overseas territories	Other countries
	Billion dollars	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
1952 . . .	14.1	11.7	4.9	10.1	21.2	3.6	27.1	8.8	12.6
1953 . . .	13.4	9.5	4.8	13.1	22.6	2.4	29.0	9.2	9.4
1954 . . .	13.9	9.8	3.3	13.4	23.6	2.6	29.6	10.1	7.7
1955 . . .	14.6	10.9	3.8	11.6	24.3	2.4	30.6	47.1	⁴ 9.3

¹Excluding Spain, for which comparable data are not available.

²Includes the Soviet Union, the Soviet satellites, Yugoslavia, and Finland.

³Excluding the United Kingdom and Canada.

⁴Vietnam, Cambodia, and Laos excluded from non-British overseas territories and included with "Other countries," which, however, does not affect the percentages materially.

Compiled from data published by the Organization for European Economic Cooperation.

takings of U. S. agricultural products in 1955-56. Thus, the position of U. S. farm products in West European markets has strengthened lately, both absolutely and relatively. With Western Europe's increased need for imported food, with U. S. cotton now moving rapidly at competitive prices, and with other export programs continuing to facilitate U. S. trade, the United States will probably further increase its exports of farm products to Western Europe.

West Asia

Economic Conditions and Agricultural Policies.—Economic development, which began to gather momentum after World War II in the countries of West Asia, was at a high level in 1956. Huge oil revenues in three of these countries, and U. S. assistance in most of them, have been the outstanding factors and forces in this field. Agriculture has shared in the advance with national policies in most countries aiming at (1) maintaining and strengthening traditional exports, such as dates and barley in Iraq, tobacco and dried fruits in Turkey, citrus in Israel and Lebanon, and grains in Syria; (2) establishing new export commodities such as cotton in Turkey, Iran, and Syria, apples in Lebanon, and wheat in Turkey and Iraq; and (3) increasing production of certain commodities in order to reduce imports, such as cotton in Israel, wheat in Lebanon and Israel, and sugar in Turkey and Iran.

These objectives are being realized, but certain difficulties have been encountered in some areas. Foremost among the retarding influences has been the state of political and economic instability in parts of the region. Also, the shortage of foreign exchange in the countries without oil revenues has been a persistent problem which has been only partly met by outside assistance. Communist Bloc economic penetration into the region during the past year appears to have made serious inroads, with agricultural trade playing a major role.

Production.—Agricultural production in the region has expanded rapidly, and in 1956-57 was at new high levels. This upward trend was due mostly to excellent harvests of cereals and other crops in Cyprus, Israel, Jordan, Lebanon, Syria, and Iraq. The increase for the whole area would have been

much greater had it not been for short wheat crops, because of drought and flood in Turkey and Iran, the two largest producers. There was some compensation in an increased production of barley in these two countries and 1956 production for the whole region was 285,460,000 bushels, an increase of 39 percent over 1955. As a result, exportable supplies of barley are substantially higher than a year ago.

Cotton production in Turkey and Iran in 1956 was only slightly above the previous year, and the upward trend continued in Syria and Israel. Total 1956 production for the area is estimated at 1,482,000 bales, compared with 1,322,000 bales in 1955.

Tobacco production in 1956 is about the same as in 1955, with the Turkish crop estimated at 246,915,000 pounds. The citrus crops of Israel and Turkey

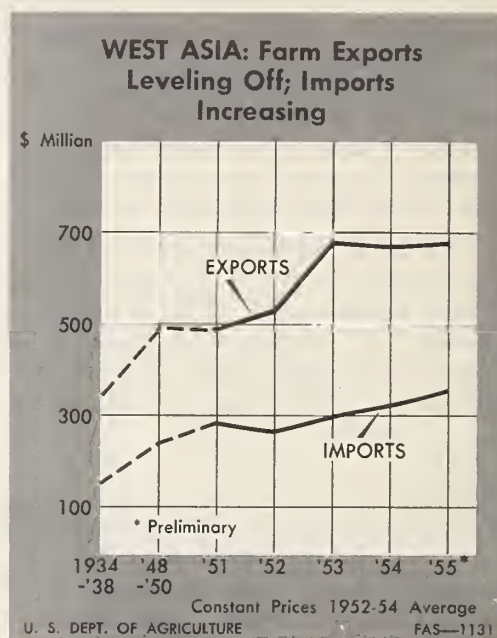
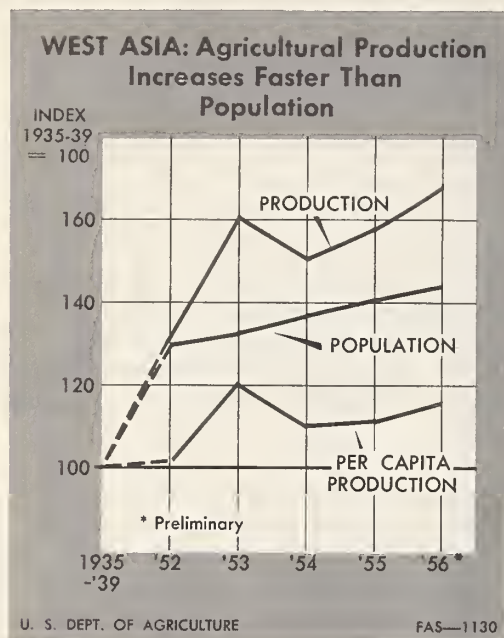


TABLE 7.--West Asia: Indices of agricultural production, total and per capita, by countries, 1954/55 to 1956/57

[1935-39 = 100]

Country	Total			Per capita		
	1954/55	1955/56	1956/57 ¹	1954/55	1955/56	1956/57 ¹
Cyprus	158	150	159	113	106	110
Iran (Persia)	130	128	128	102	99	98
Iraq	152	132	155	102	87	101
Israel	129	135	154	104	104	115
Jordan	183	63	174	105	35	94
Lebanon	175	149	187	115	95	116
Syria	208	170	246	138	110	156
Turkey	153	179	179	108	120	119
West Asia	151	158	169	110	112	116

¹Preliminary.

are expected to be below last year's large production of 345,000 and 158,000 short tons, respectively. Other countries of the area are expected to produce about the same as last year.

The substantial date crops of Iraq and Iran are estimated to be slightly below average, but excellent fig, raisin, and filbert crops in Turkey are substantially higher than last year. There was also a substantial increase in the raisin production of Iran.

Consumption and Trade Outlook.—The second short wheat harvest in 3 years in Turkey is the outstanding feature of the agricultural situation in West Asia for 1956-57. In order to meet its normal consumption needs, Turkey must import between 22 million and 29 million bushels of wheat and feed grains. Iran, which is self-sufficient in bread grains in good years, must import between 1.5 million and 3.0 million bushels of wheat to meet its needs until the harvests of 1957 become available. Israel, Lebanon, Cyprus, and Saudi Arabia, normally deficit food countries, will require their usual imports of wheat estimated at about 16.5 million bushels.

Total import requirements of wheat by the above countries for 1956-57 are roughly 44 million bushels, while total export availabilities (mostly from Syria and small quantities from Jordan) amount to some 16.5 million bushels, leaving an area deficit of 27.5 million bushels. It is expected that most of this deficit will be met by the United States under P.L. 480 arrangements. On the other hand, a total of over 48 million bushels of barley will be available for export from Iraq, Syria, and Cyprus.

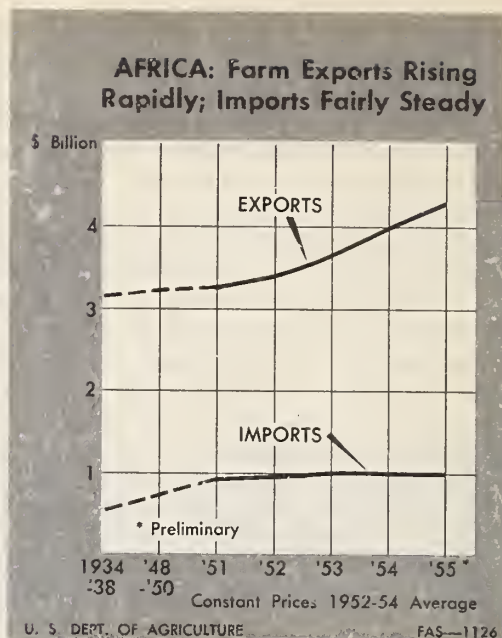
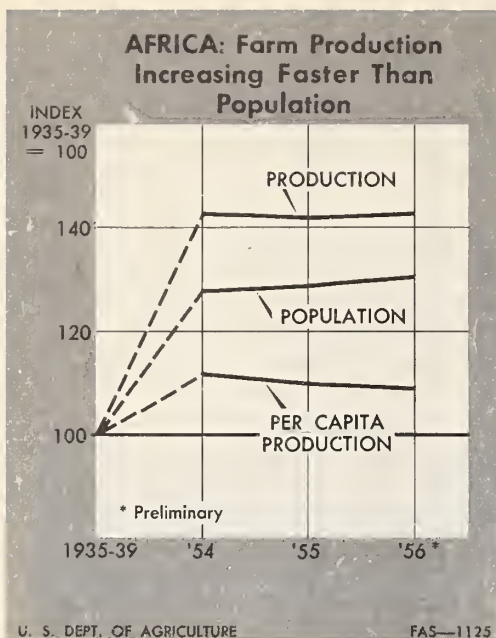
Financial difficulties and political and military disturbances, however, may deter the normal flow of grain within the area. The shortage of foreign exchange and the threat of inflation are serious in Turkey and Israel, two of the largest importers.

Above-normal supplies of cotton, figs, raisins, and filberts are expected to be available for export from the area, but surpluses of citrus and dates will be below last year's.

Africa

Economic Conditions and Agricultural Policies.—Agricultural production and trade in Africa continued at a high level in 1956, owing to generally favorable weather and the fact that the several territories, which gained their freedom in the past year, are extending their trade relations. All over the continent the people are becoming increasingly aware of possibilities for higher standards of living, especially in food consumption, and governments are pushing ahead with programs of economic development. Outstanding examples are large-scale irrigation and power schemes planned by Egypt and the Sudan in the Nile Valley; similar schemes now under construction or expansion in Morocco; the Kariba Dam on the Zambezi River in the Rhodesias for power now under construction; programs for intensified agricultural production in several countries; and railroad improvements across the southern-central part of the continent.

In North Africa, economic development is seriously impeded by relatively limited natural resources, unfavorable trade balances, and rapidly increasing populations. Consequently, per capita agricultural production has been below prewar levels for several years in Egypt and Algeria, and only slightly above in Tunisia and Morocco. The production index for Libya is high but this largely reflects the extremely low level of agricultural production in prewar. In 1956, agricultural production was substantially above that of a year earlier, but economic conditions have been seriously disrupted by political and military disturbances.



The situation in the African areas below the Sahara is more promising. The development of mineral resources—uranium, industrial diamonds, columbite, copper, cobalt, and others—is expanding rapidly and constitutes a major source of foreign exchange. Also, the major crops of tropical Africa, mostly complementary to those of the temperate regions, are in active demand. Leading among these are coffee, rubber, vegetable oils, cocoa, pyrethrum, tea, cotton, tobacco, tropical wood, and spices.

Production.—Africa can look forward to another year of abundant agricultural supplies, both for local consumption and for trade. Output in all major producing areas was higher than, or as high as, in the previous year, continuing in most cases a steady upward trend. Large surpluses of the major specialty crops of the continent—cotton, vegetable oils, cocoa, coffee, rubber, and others—will be available for export.

Cotton, the leading crop of Egypt, increased by almost 6 percent to 1,628,000 bales, owing principally to relaxations of acreage controls. The Sudan also increased its production by 10 percent in the last 2 years, to 423,000 bales, as a result of irrigation development programs.

Production of the important grains crops—wheat, barley, corn, and rice—in North Africa was 10 percent above 1955-56, and export availabilities will be up substantially. Egypt harvested close to record crops of wheat and corn and a record crop of milled rice of over 2,650 million pounds. Algeria appears also to have a record year of wheat and barley, and Morocco's grain crops are substantially higher than in the previous year. Tunisia's short wheat crop, however, is only slightly above last year's short crop, and substantial imports will be needed for the second successive year. Indications are that grain sorghum and millet crops, the main food grains in Ethiopia, the Sudan, and the Somali countries, are good this year.

North Africa also has good fruit crops. Citrus is expected to be up 15 percent in Algeria, Morocco, and Tunisia and higher than last year in Egypt. The important wine-grape crop of Algeria is 25 percent higher than the previous crop.

Production of olive oil, Tunisia's most valuable agricultural export commodity, is estimated at 99,000 short tons, or three times last year's short crop, and the outlook is also good in Algeria and Morocco.

In the rest of Africa, below the Sahara, expansion of most major crops of the area has been taking place during the past few years. The third successive year of favorable weather and the progressive implementation of various developmental and agricultural improvement programs facilitated this expansion. Coffee production is up 5 percent in West and Central Africa, 18 percent in British East Africa, and 44 percent in Madagascar, and has replaced cotton as Uganda's most valuable export. Cotton production in Uganda (major producer in East Africa) is as high as in 1955-56, and in West and Central Africa is expected to be higher than last year. Tobacco production in the Rhodesias reached record levels in 1955-56; but a controlled reduction of this crop has been recommended for 1956-57. Production estimates for cocoa, peanuts, and palm products in West and Central Africa are also promising.

Production of the traditional food crops--such as corn, millet, grain sorghum, cassava, sweetpotatoes, taro, and plantains--on which the bulk of the African population depends, is expected to be as good as in previous years. Corn production has been at high levels since 1953 in Kenya, Angola, and the Rhodesias. On the other hand, the wheat crop of 1955-56 in British East Africa suffered about 20 percent reduction.

Agricultural production in the Union of South Africa for 1955-56 was at record or near record levels and is expected to be maintained in 1956-57 in the absence of severe drought. Butter and citrus production established new records; the wool crop was the second highest on record; and corn the third highest, with an estimated surplus of 43 million bushels. Wheat production set an all time record with no imports planned for the 1956-57 season. How the level of agricultural production in seven African countries compares with that of prewar is shown in table 8.

TABLE 8.--Africa: Indices of agricultural production, total and per capita, by countries, 1954/55 to 1956/57

[1935-39 = 100]

Country	Total			Per capita		
	1954/55	1955/56	1956/57 ¹	1954-55	1955/56	1956/57 ¹
Algeria.....	127	110	129	95	81	94
Egypt.....	109	107	116	77	73	78
Kenya.....	219	215	224	166	162	167
Libya.....	218	222	229	170	173	175
Morocco.....	191	145	166	128	96	108
Tunisia.....	134	87	149	96	61	103
Union of South Africa ..	166	175	² 175	120	124	122
Total Africa ³	143	142	143	112	110	109

¹Preliminary.

²1955-56 index; 1956-57 harvest has not started.

³Including estimates for countries not shown.

Consumption and Trade Outlook.--Exports and imports of agricultural commodities in North Africa were higher in 1955-56 than in the previous season; and Egyptian cotton exports were up by 43 percent. Thus stocks held over from the previous years were exhausted, and Egypt has entered the 1956-57 season

with no carryover. It expects to dispose of the normal large surplus of cotton from the current crop, as it did last year, mainly through trade agreements with the Communist Bloc. The Sudan also will have the usual large cotton surplus for export.

The area's 1956-57 import requirements of wheat, the major food item, are estimated at 22 million bushels for Egypt, 5.5 million bushels for Tunisia, and 2.5 million bushels for Libya. Against this 30 million-bushel deficit, Egypt has at least 660 million pounds of milled rice for export and Algeria and Morocco about 11 million bushels of wheat and barley.

Coffee exports by Ethiopia (which account for 90 percent of the value of its total exports) are expected to be about the same as the record 1955-56 exports. Morocco will export about 238,000 short tons of citrus (22,000 tons above last year) and Algeria should maintain the high export level attained last year. Tunisia should have an export surplus of some 44,000 short tons of olive oil from its current record crop.

The level of exports of citrus, wool, and corn from the Union of South Africa; cotton and coffee from Uganda; tobacco from the Rhodesias; tea from Nyasaland; tea and coffee from Kenya; cocoa, coffee, peanuts, palm products, and rubber from countries in Central and West Africa is expected to be maintained or increased in 1956-57. In addition, Kenya and Angola will be able to offer larger than usual quantities of corn for export.

In contrast to large export supplies, the agricultural import needs of tropical and southern Africa are small. Most of the traditional staple food items of the African population are produced and consumed locally, or are met through inter-country trade. Imports from abroad consist of relatively small quantities of sugar, wheat and flour, rice, dairy products, and canned fruits. The indications are strong, however, that standards of living among the great African masses are continuing to rise, and demand for these food items may increase substantially.

THE FAR EAST (Excluding Mainland China)

In the Far East area (excluding Mainland China, North Korea, and North Vietnam), which has more than one-fourth of the world's population, agricultural production in the 1956-57 crop year is expected to rise to new high levels, but the increase, as in the past 2 years, is only about equal to the growth in population. Consequently, the countries in this area continue to be net importers of certain agricultural products, particularly of food grains and cotton, in contrast to having substantial export availabilities of rice and corn in prewar years. Industrial development is being pushed throughout the area resulting in fuller employment, a rising consumer demand, and a gradual increase in both the quantity and quality of agricultural products consumed.

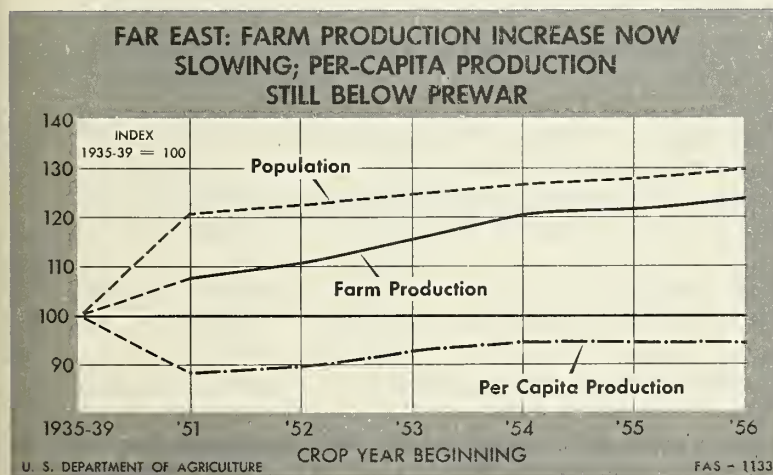
The index of total agricultural production in the Far East places the 1956-57 production at 124 percent of prewar (1935-39), whereas the 1955-56 production was 122 percent. Per capita production, however, has remained at 95 percent of prewar for the past 3 years. In Burma, Cambodia, South Vietnam, South Korea, and Taiwan the per capita production is below 80 percent of prewar. In the three latter countries the low levels of per capita production are due in part to an influx of refugees from Communist areas.

Agricultural production in India has shown phenomenal increases in the past 3 years under the impetus of their program for agricultural and economic development, but output in 1955 and 1956 has been slightly below the record year in 1954. In Pakistan, the second largest country, production is up substantially for 1956 but still is below prewar on a per capita basis. Indonesia's production is declining significantly, particularly production per capita. Japan had another good year but not as good as 1955, a year of outstanding output. In the

TABLE 9.--Far East: Indices of agricultural production, total and per capita, by countries, 1954/55 to 1956/57

[1935-39 = 100]

Region and country	Total production			Per capita production		
	1954/55	1955/56	1956/57	1954/55	1955/56	1956/57
South Asia.	125	122	126	100	97	98
Ceylon.	146	147	146	97	95	92
India.	130	126	129	103	99	100
Pakistan.	105	104	112	88	87	92
Southeast Asia.	119	123	123	93	95	93
Burma.	89	88	93	72	70	73
Cambodia.	88	92	98	66	69	72
Indonesia.	120	115	112	98	93	89
Laos.	75	106	105	59	82	80
Malaya.	141	153	153	106	112	109
Philippine Republic.	143	142	151	101	99	103
South Vietnam.	79	83	84	58	60	60
Thailand (Siam).	159	203	201	114	142	137
Northeast Asia.	107	122	117	81	91	87
Japan.	109	130	122	86	101	94
South Korea.	109	105	108	80	76	77
Taiwan (Formosa).	97	102	106	52	54	55
Total Far East.	121	122	124	95	95	95



rice surplus producing areas of Southeast Asia, moderate increases in agricultural outturn are expected in Burma and Cambodia, but other countries are little changed from last year. In the Philippines both total and per capita agricultural production is improved this year.

South Asia

This year's agricultural production in South Asia—India, Pakistan, and Ceylon—is expected to total a little higher than last year's. There is a

continuing improvement in basic production practices in this area; also more land is being brought under irrigation each year. These factors helped to raise the level of production despite the fact that many agricultural areas of India and Pakistan were visited by destructive floods during the growing season of the 1956-57 crop. Thus, what had earlier looked like a substantial increase in output was reduced materially.

India's rice crop this year is expected to total about the same as last year's crop, the second largest on record. Pakistan's crop will be larger than last year's, but it will fall short of supplying enough rice for the fast-growing Pakistani population, and large amounts of rice or other grains will have to be imported to maintain even the very low caloric intake of the average person's diet.

Crops of other food grains—wheat, millets, pulses, etc.—taken as a whole are expected to be better this year than last in these South Asian countries. These crops are important in the diet of a large part of the population, particularly in the North and West. The supply of food grains in India and Pakistan is being supplemented by the P.L. 480 agreements which carry commitments for substantial quantities of wheat and rice.

Vegetable oils constitute an especially important element of the diet of the South Asians. Production of the major oilseed crops in 1956-57 will range from 1 percent higher for peanuts to 18 percent higher for sesame than the previous year's crops.

An appreciably larger cotton crop is expected this year in India, and Pakistan's cotton crop promises to be just a shade under last year's. Both of these countries have ambitious programs for expanding cotton production. India's goal is an annual production of 4.5 million bales (480 pounds) by the end of its Second 5-Year Plan in 1960-61. The 1956-57 crop is expected to total 4.2 million bales. This would provide ample cotton for their rapidly expanding textile industry and would leave some for export.

Pakistan's First 5-Year Plan (1955-60) targets an annual production of 1.9 million bales of cotton by 1959-60, in contrast to the crop of 1.4 million bales this year. Pakistan is currently the only net exporter of cotton of any significance in the Far East. It is significant that cotton growers in both of these countries are shifting to improved, longer staple varieties of cotton which are more acceptable for processing into high quality textiles, and this cotton, consequently, will offer larger competition to U. S. cotton in foreign markets.

Tea is an important export crop of this area. In fact it is the top foreign exchange earner in both India and Ceylon. The growers are expected to pick and sell at least as much tea this year as they did last year, while they strive to regulate production to world demand.

Over 95 percent of the world's supply of jute is produced in India and Pakistan. Both countries are promoting their jute production and manufacturing industries because of jute's importance as an earner of foreign exchange. The Indian jute crop for 1956-57 will likely amount to 205 percent of the 1935-39 average crop, while Pakistan's crop this year is estimated at 113 percent of the prewar base.

Ceylon has another good outturn of copra—about 120 percent of the 1935-39 average. But tappings of its important rubber crop are down about 3 percent from last year's large production.

General Economic Statement.—Substantial economic progress was made in India under that country's First 5-Year Plan. Industrial production increased about 18 percent during that 5-year period, and the Second 5-Year Plan, started in 1956, is placing even more emphasis on industrial expansion. This industrial progress means fuller employment within the country which in turn means a continually increasing demand for, and consumption of, agricultural products. In some areas, the larger demand for industrial labor has pulled labor from agriculture.

The Indian Government has recently signed a P.L. 480 agreement with the United States for the purchase of surplus agricultural commodities totaling \$360 million to be delivered over a 3-year period. This is aimed at meeting the added demand for agricultural products, resulting from fuller employment

and at providing a reserve of agricultural products to stabilize food prices. A large part of the local-currency sales proceeds will be lent to India to assist in the Indian development program.

Pakistan embarked on its First 5-Year Plan during 1955-56 and hopes to step-up its rate of expansion for both agriculture and industry. Pakistan also has signed a P.L. 480 agreement. Consideration is being given to enlarging and extending the present agreement to pattern it after the Indian agreement.

Southeast Asia

Southeast Asia is the heart of Asia's rice belt and most of the world's rice exports come from this area. It is also the principal supplying area for rubber, copra and other coconut products, and abaca. Total agricultural production in the area for 1956-57 is holding steady with last year's production of 123 percent of prewar.

The total 1956-57 rice crop in Burma, Thailand, and the Indochinese countries is expected to amount to 12 million metric tons (milled basis) of which approximately 4 million will be available for export. While production will be slightly larger than in 1956, supplies available for export are smaller as stocks were sharply reduced during 1956. The 1956-57 rice crop of this group of countries stands at about 109 percent of prewar as Burma's production is still about 13 percent below prewar, and the Indochinese areas have made but little recovery from the wartime low. Thailand's production, however, is now 77 percent above prewar and it has plans for further expansion through the government's irrigation and flood control programs.

The Philippine Republic is experiencing an even better agricultural year than its last one, as the concerted effort of the Philippine Government to attain self-sufficiency in rice, corn, and vegetables has obtained results. Prospects for the 1956-57 rice crop appear good. The latest forecast indicates about 2.2 million tons which will be about equal to current domestic requirements.

Production of other major agricultural commodities in the Philippines for 1956-57 is also up. For example, sugar is up about 12 percent from last year's production; and copra is slightly higher, which is especially significant in view of the fact that the coconut industry is the largest foreign exchange earner of the Philippines.

In Indonesia the production of food crops, principally rice, is up slightly from last year's level but total production has continued the downward trend of the previous year largely because of the sharp decline in rubber output.

General Economic Conditions.—The economies of the Southeast Asian countries are principally agricultural and all are dependent upon sales of agricultural products abroad to meet their foreign exchange requirements. The governments in the area are promoting diversification of agriculture and industrialization to become less dependent on foreign sources for many essentials. To date only limited progress has been made.

The countries in this area are all faced with balance-of-payment difficulties. The degree of severity varies widely from country to country. Balance-of-payment position has worsened for all countries during the last year. Malaya is the only Southeast Asian country with a favorable balance-of-trade, and its balance is below last year. This general deterioration has been caused primarily by the drop in world prices of the area's principal export commodities, as prices of rice, rubber, and copra in late 1956 were all below the average for 1955.

Northeast Asia

The overall agricultural outturn in Northeast Asia for the 1956-57 crop year is expected to drop a little from last year's record level. This drop is

due primarily to a smaller rice crop in Japan, where the 1956-57 crop is estimated at about 11 million short tons (milled), second only to last year's record crop of almost 12 million tons.

In both South Korea and Taiwan, however, crop output improved this year. In Taiwan the production of rice, sugar, sweetpotatoes, tea, and peanuts are all up from last year and total output is at a postwar record of 106 percent of prewar. In South Korea, rice, the major crop, is not expected to show improvement over last year's output but the other important crops of barley, white potatoes, soybeans, and wheat are all better than last year's.

Japan is the only industrial country in this area and industrial production there continues to boom. At midyear 1956 the index of industrial production stood at an unprecedented high level of 231 (1934-36 = 100). This may be compared with 188 in 1955, 174 in 1954, and 88 for 1950. Total volume of exports this year is above last year's and the export boom is expected to continue. Japan has managed to achieve a small balance-of-payment surplus and has built up its dollar reserves to about \$1 billion. Japan's exports to the United States have in recent years been from one-third to one-half the value of its imports from the United States. Special dollar earnings such as U. S. military expenditures, tourist trade, etc., have helped to bridge this dollar gap.

Japan is emphasizing further expansion of trade with nondollar areas because it feels that these areas are the best potential markets for its export goods. The proportion of Japan's imports coming from the United States has been declining and may well be reduced further as it develops other markets nearer home. In recent years Japan has been the largest outlet for U. S. agricultural products. In 1955 Japan took 27.6 percent of all U. S. exports of raw cotton, 19.5 percent of the wheat, 53.7 percent of the rice, and 32.5 percent of the soybeans.

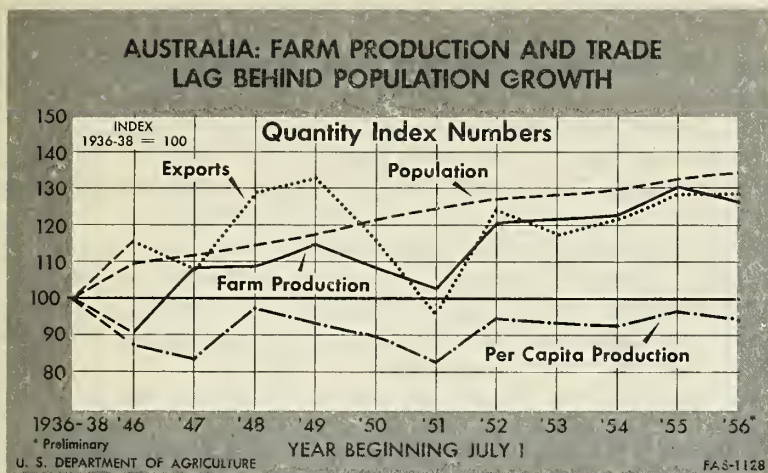
South Korea and Taiwan are heavily dependent upon foreign assistance, principally from the United States, for imports of essential goods chiefly because it is necessary to maintain very large armed forces. With their expanding production both of these countries are now nearly self-sufficient in essential foodstuffs, except wheat, and in most of the agricultural products used in industry, except cotton and tobacco.

Oceania

Australia.--Despite some unfavorable factors in overall agricultural production, exports for 1956-57, particularly of livestock products, are expected to equal and in some instances exceed the level of 1955-56. Total agricultural output in 1957 is expected to be about 127 percent of prewar or slightly lower than 1956 production, with most of the decrease resulting from the smaller grain crops in prospect. On a per capita basis, estimated 1957 production will be only 95 percent of prewar as population has grown rapidly and high industrial activity has drawn workers from agriculture.

A marked improvement in the foreign exchange reserves of Australia was noted in the quarter ending September 1956, and the favorable prices and heavy buying of wool by Japan and European countries early in the new wool auctions (beginning in late August), seemed to indicate that an easier foreign exchange position might continue into 1957. The present policy of import restrictions is expected to be continued in 1956-57 and strict licensing control will be maintained on imports from both the sterling and dollar areas.

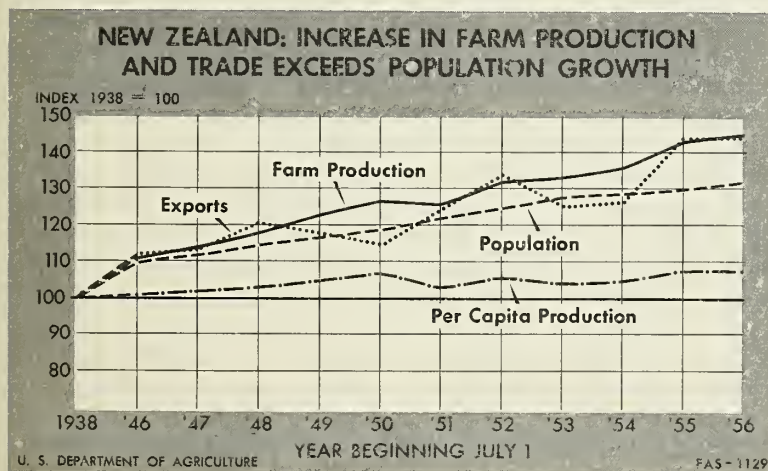
Prospects for wool, dairy, meat, and sugar production are excellent for 1956-57. Exports of wheat, despite a smaller crop, will probably approach, if not exceed, the 1955-56 figure as a result of Australia's efforts to reduce large carryover stocks.



continued expansion of the country's most efficient type of farming, namely, wool, meat, and dairy products is in line with the government's agricultural policy announced in 1954-55. Total agricultural output in 1957 is expected to be 145 percent of the prewar level, which, on a per capita basis, is 108 percent of prewar. Unlike Australia, New Zealand's agricultural production has more than kept pace with population growth.

The high level of exports of meats, dairy products, and wool attained in 1955-56 is expected to be maintained in 1956-57. Much of the increase in livestock production is the result of bringing into agricultural use approximately 50,000 acres of unproductive land per year, principally for pasture use.

Like Australia, New Zealand has been plagued with serious balance of payments difficulties since 1954. The extent to which New Zealand may be able to rise above trade deficits in 1956-57 is dependent on the export price levels maintained for wool throughout the year, as well as the prices which New Zealand meats and dairy products may command on the United Kingdom markets.



year. In Poland and Czechoslovakia it appears to be close to, or above, the postwar average, though low in quality. In Eastern Germany, and in the countries

Although the government has recently adopted a new policy of annual limitation of immigration to 1 percent of total population, it is not anticipated that any marked change will result in the near future in the relationship of the production of agricultural commodities with the upward trend of population.

New Zealand.—Agriculture in 1956-57 is expected to be concentrated on a larger output of livestock products for export. This emphasis on the

THE COMMUNIST BLOC:

Eastern Europe (excluding U.S.S.R.)

Food production in Eastern Europe in 1956-57 will fall short of the somewhat improved levels attained last year. Eastern Europe will probably remain a net importer of food, as it has been during the past several years, and it is possible that imports this year will be on an unusually large scale.

Production.—The grain harvest throughout Eastern Europe is lower than last

of the Danube Basin, it is apparently very poor. The sugar beet harvest promises to be of average volume which should enable Eastern Germany, Poland, and Czechoslovakia to maintain their customary export surpluses of sugar. However, potato production in these countries will not suffice to meet their food and feed requirements, although the potato harvest is better than last year. Livestock numbers throughout the area reportedly have continued to grow, except in Yugoslavia, where they have fallen slightly.

Unfavorable weather conditions ranging from extreme drought in the south to excessive rains in the north were mainly responsible for the poor harvest. However, in at least some of these countries the situation has not been as much aggravated as in previous years by governmental interference with agricultural operations. In Poland and Czechoslovakia more fertilizers, more machinery, and some degree of decentralization in agricultural planning appear to have yielded certain positive results. In Yugoslavia, emphasis has been shifted from heavy industry to agriculture where investments have been considerably increased. On the other hand, the pace of collectivization, relaxed for a time, has been again accelerated in several of the satellite countries. In Bulgaria, three-fourths of the cropland is now reportedly collectivized. Least progress in collectivization has been made in Poland and Hungary.

Consumption and Trade.—During the past year, the overall food supply was not critically short in any of the East European countries. Food consumption levels in Yugoslavia were bolstered by heavy aid shipments from the United States. Some of the satellites also imported large quantities of grain. In all of them the food grain supply appears to have been adequate; where shortages occurred, they seem to have resulted either from governmental mismanagement in distribution, or from excessive exports, as, for instance, in Rumania, where the bountiful grain harvest of 1955 was followed by flour rationing at the beginning of 1956. But shortages of meat, fats, and dairy products have become almost permanent features in the satellite countries. They are caused by a combination of factors, including inadequate production; governmental inability to make the farm delivery system work; unwillingness to permit sufficient imports, or, in some cases, the forcing of excessive exports; and the growth of the urban population, which has increased market demand, in spite of low individual incomes.

In 1956-57, grain shortages in most of these countries are in prospect unless the area as a whole increases its imports. Preliminary estimates indicate that Rumania's grain harvest will not meet normal domestic requirements. Hungary, due to the poor harvest and to the dislocation in food supplies consequent upon the political upheaval, will be in a similar situation, and Poland's usual grain imports of about 1 million tons might prove to be insufficient because of extraordinary difficulties encountered in the state collection of grain. In Czechoslovakia, domestic production and the usual imports of bread grains should adequately cover demand. But Eastern Germany's plans for derationing food in 1957, partly predicated on imports from the rest of the area, will have to be postponed, unless imports from other sources are increased. Yugoslavia will also have to increase grain imports if present consumption levels are to be maintained.

The political developments in Hungary and in Poland are bound to have a profound impact on agricultural developments not only in these, but in all the countries of Eastern Europe. It is, however, too early to say which direction these developments will take, and whether they will favor or retard agricultural progress.

Soviet Union

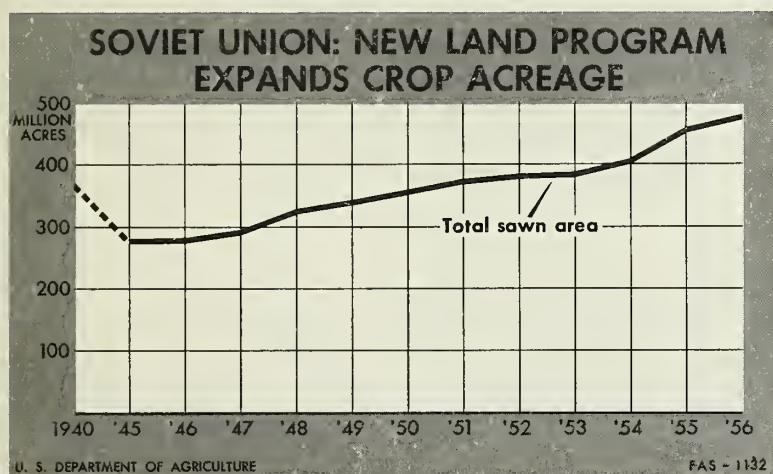
The agricultural situation in the Soviet Union during 1956 was characterized by: (1) continued emphasis of government policy on increased agricultural

output, coupled with a more restrictive attitude with respect to small private farming; (2) highly variable weather conditions; (3) large production and record government procurement of small grains; (4) a good outturn of most other crops, except possibly corn; and (5) improvement in milk and pork production.

Acreage and production.—Despite abnormally heavy winter kill due to a severe winter, the acreage for all crops for 1956 harvest increased by more than 20 million acres to a record of 480 million. The government continued with its program of grain (mostly spring wheat) expansion on the virgin and long uncultivated lands east of the Volga and the Urals. While the yields of small grains west of the Volga were spotty, particularly in the Ukraine, those in the normally dry regions east of the Volga, including the new lands, were, for the most part, very good. The high yields east of the Volga, combined with an increased acreage, boosted the 1956 small grains outturn to what may be a

record figure. This, despite the fact that the crop outturn was considerably reduced by heavy harvest and post-harvest losses due to bad weather, shortage of drying, transportation and storage facilities, and the usual mismanagement. For these reasons also the milling quality of much of the crop is likely to be below average.

The government has procured close to 60 million short tons of grain, as compared with from 36 million to 44



million tons in recent years. But postharvest spoilage may be much above normal. The great increase in procurement was due to the good result shown this year by the new lands program and the relatively sparsely settled eastern regions generally. Procurements in so important a region as the Ukraine were lagging.

In accordance with government plans to increase the fodder supply the area planted to corn increased from less than 11 million acres in 1954 to 44 million in 1955 and 58 million in 1956. In 1955 a little over half of the corn area was harvested as grain and the remainder was used for silage or green forage. Early frost in 1956 in some of the corn growing regions reduced yields.

The accumulation of large grain supplies in government hands tends to increase Soviet export and stockpiling capabilities and resulted in increased Soviet commitments to export grain to non-Communist countries. In addition to grain exports to non-Communist countries, sizable quantities of grain will probably again be shipped to the Soviet Bloc countries, such as Czechoslovakia and East Germany, which normally are grain deficit areas, and also to Poland.

There were significant increases in the area planted to sugar beets, sunflowers, and flax fiber. A considerably increased potato crop is indicated, largely owing to better yields. However, the 1956 production of sugar beets and sunflower seed (which is the most important oil seed crop in the Soviet Union), may not be any larger and may, in fact, be somewhat less than the very good outturn in 1955 due to less favorable weather conditions in the principal growing regions.

A better cotton crop is expected this year than in 1955, when weather conditions in the cotton-growing areas were unfavorable. A new program of cotton expansion was announced by the government in 1956, calling for an addition of 740,000 acres of irrigated cotton during the 6 years ending in 1962.

The livestock industry continues to be the weakest sector of the Soviet agricultural economy and the major agricultural problem since the collectivization of agriculture. In 1953, official data revealed that most livestock numbers at the beginning of that year were below the pre-collectivization period, despite a large increase in human population. Concessions were made to members of collective farms and other private owners, encouraging them to increase the numbers of privately owned livestock, thus repeating the policy followed by Stalin in the mid-1930's after the catastrophic reduction of livestock numbers during collectivization. An increase in overall livestock numbers took place after 1953. Greater attention to the lagging fodder supply, including the corn expansion program, resulted in increased production of livestock products in 1956, particularly of milk and pork. The latter has also benefited from the shift in feeding and slaughter practices from heavy weight to younger light-weight hogs. During 1956 Soviet policy with respect to privately owned livestock again became more restrictive with the emphasis placed on increasing collectivized livestock, as was the case before 1953. If past experience is any guide, this stiffening of policy is likely to impede the progress of Soviet livestock expansion.

Mainland China

Early indications are that Mainland China will increase total agricultural production in 1956 over the 1955 level, but with special emphasis on crops for export and for use in industrial expansion. Per capita consumption of food is not likely to increase. Instead it will likely remain at the traditionally low subsistence level and probably well below the prewar rate.

Government plans for 1956 called for increases in total production of about 8 percent over 1955, and stressed expansion of such major crops as rice, wheat, tobacco, cotton, and other fiber crops. These crops fit into the government's scheme for exporting more agricultural products and for providing raw material to industry. Limited supplies of chemical fertilizers were apparently channeled toward areas producing cotton and tobacco. This policy resulted in tripling fertilizer application on tobacco and doubling the amounts used on cotton.

Such evidence, as is available, indicates that great efforts were made this year, and with some success, to increase total acreage under crops and to farm existing crop areas more intensively where conditions permitted. This extra effort may have brought about some increase in production despite unfavorable weather that prevailed during part of the growing season.

Indications are that harvests of such major crops as rice, wheat, cotton, and tobacco were somewhat greater than in 1955. Soybean production, on the other hand, suffered serious flood damage and may not have reached 1955 levels.

Vegetable oils are, reportedly, in short supply, owing to farmers' shifting land to more profitable crops. Similarly, livestock numbers are lagging. Unlike crops, livestock expansion does not appear to have strong government support. This is probably a calculated government policy based on the economic advantages of using scarce grain for human consumption rather than feeding livestock for slaughter.

Disposition of 1956 agricultural production will depend largely on government policy and decisions. The government has adopted a program of crop collection and distribution which permits rationing on the home front and enables the government to acquire commodities for export. It seems virtually certain that the home population will be kept on a subsistence ration.

The government's agricultural policies stand out most clearly when considered in context with their overall economic development plans. The major goal is to convert Mainland China into an industrial power, in the image of the Soviet Union, and with special emphasis on heavy industry. Out of economic necessity, China must look to agriculture to provide a large part of the resources that such an industrialization program requires. Historically, agriculture has furnished more than 50 percent of the raw materials used in industry and has supplied more than 70 percent of China's exports. It is largely by exporting agricultural products that the government hopes to pay for imports of industrial equipment for use in developing heavy industry. Population in recent years is believed to be increasing at a more rapid rate than in the past.

The government is reportedly pushing with some success a broad and comprehensive agricultural development program. This calls for large-scale developments in flood control, irrigation, land reclamation, erosion control, reforestation, and other activities designed to increase production and conserve resources. These projects, if successfully completed, may increase future production significantly.

The government also claims to be making rapid progress in increasing farm supplies such as chemical fertilizers, insecticides, and farm implements; and in making credit more readily available to farmers. These facilities are badly needed if a significant increase in production is to be brought about within a short period.

The agricultural situation in Mainland China is also influenced by developments in the transportation field. China has traditionally suffered from an inadequate transportation system. This has permitted pockets of famine and areas of surplus food supplies to exist within the country simultaneously. The government claims to be making rapid progress in developing a network of railroads and highways which will make resources more mobile and facilitate distribution.

Outlook.—The composite effect of such a mass effort will probably result in an upward trend in agricultural production at least until yields equal prewar levels. When the Communists came into control of the government in 1949, production was at a low level. More than a decade of war, which began in 1937, disorganized agriculture and depressed yields. Thus, with a return to any type of political stability, production would tend to recover.

A Second 5-Year Plan (1956-60) has been announced recently. As in the First 5-Year Plan, heavy industry will be emphasized. This assures that the government will continue to tighten its control on agriculture so as to siphon off resources to support its ambitious plans for industrializing the country.

Farming collectives, or so-called producers cooperatives, are a central feature of the government's plan for tightening state controls over agriculture. Vigorous efforts were made in 1956 to speed-up the collectivization process. This was apparently a departure from earlier plans which called for a more gradual development over a period of several years. Stepping up collectivization may stem from the desire on the part of the government to tighten state controls on production and distribution of farm products. Then, too, the government may have been encouraged to move faster toward its ultimate objective because early trials met with less resistance, encountered fewer difficulties, and disturbed current production less than had been anticipated.

